

Possible impacts on the fishery and aquaculture sector of the Red Sea

Houthi attacks

Objective: this report aims at assessing the possible impacts of the Red Sea Houthi attacks on the fishery and aquaculture sector. The approach will assess if and to what extent there are direct impacts on the imports of fishery and aquaculture products (FAPs) using this route to the EU, in terms of timing (boats rerouted) and prices (increase of containers' costs resulting from increased fuel consumption and insurance premiums, etc.), and indirect impacts impacting the EU fishing fleets, aquaculture farmers and processors.

This report is being updated biweekly since the 21st of February 2024.

Main findings:

- The dependency of EU imports of FAPs on the Suez Canal route is estimated around 20% (with higher dependency for freshwater fish and tuna). Based on 2022 data.
- The analysis of weekly import data on a selection of relevant combination of products and origins shows significant decreasing volumes in the first weeks of 2024 compared to the same period in 2023, however compensated for certain products between week 8 and week 11. Nonetheless, in terms of import prices, it is not possible to conclude on a visible impact at this stage.
- According to analysts' reports, freight costs have been rising but most of the turbulence is already behind us. The situation is likely to normalise once carriers have adapted to the rerouting (via Cape of Good Hope) and backlogged inventory has been cleared.
- Although a slight increasing trend was observed in January and February for marine fuel prices, there is not enough evidence to link it with the situation in the Red Sea.

1. Imports of FAPS

1.1. Assessment of the share of EU imports of FAPs passing by the Red Sea and the Suez Canal

This selection was made by filtering the 2022 extra-EU imports including only the relevant origins (South-East Asia, Eastern Africa and Oceania) combined with a selection of preservation states (excluding fresh and smoked products) assumed to be transported by sea on shipping vessels¹.

It resulted that the share of this selection of trade flows over the global extra-EU imports in 2022 is 21% in volume and 22% in value. The Commodity groups the most dependent on this maritime route are freshwater fish (72% of imported volume of freshwater fish use this route, mostly Pangasius) and Tuna and tuna-like species (51% use this route). For some commodity groups, the dependence on this route is

¹ There are of course some grey areas, for example South Africa is easier to reach via the Red Sea from Mediterranean ports, but it is actually easier to reach via west African route from Atlantic ports. Similarly, Saudi Arabia would not be affected by the Red Sea disruption if the ship enters Jeddah but would be affected if it enters via Dammam.

negligible: 7% for non-food use (confirming that imports of fish meal and fish oil are not under threat), 2% for salmonids and 1% for small pelagics.

Table 1: Assessment of the share of extra-EU imports of FAPs passing through the Red Sea

2022 volume in kg	Volume assumed to pass through the Red Sea	Total extra EU imports	Share in %
Bivalves and other molluscs and aquatic invertebrates	49.613.887	133.399.073	37%
Cephalopods	199.207.282	529.570.031	38%
Crustaceans	206.239.699	687.413.788	30%
Flatfish	17.579.879	106.100.562	17%
Freshwater fish	99.113.685	136.791.384	72%
Groundfish	197.677.565	1.082.340.744	18%
Miscellaneous aquatic products	45.313.044	140.411.809	32%
Non-food use	57.274.126	794.843.813	7%
Other marine fish	51.661.519	277.957.511	19%
Salmonids	22.459.278	1.065.325.419	2%
Small pelagics	6.006.464	468.728.236	1%
Tuna and tuna-like species	334.949.771	650.770.901	51%
Total	1.287.096.199	6.073.653.271	21%

Source: EUMOFA based on Eurostat-Comext

1.2. Analysis of DG TAXUD weekly import data

As a first step for this assessment, it is decided to focus the analysis on a selection of 5 main products imported through this specific maritime route. This selection was made by filtering the 2022 extra-EU imports including only the relevant origins (South-East Asia, Eastern Africa and Oceania) combined with a selection of preservation states (excluding fresh and smoked products) assumed to be transported in containers on shipping vessels. Based on this filtering process, we selected the most significant imported products in terms of imported volume (2022) and the most important origins. The selection² is provided below:

- Frozen fillets of pangasius from Vietnam
- Frozen fillets of Alaska pollock from China
- Frozen tropical shrimps (from India, Vietnam, Bangladesh and Madagascar).
- Frozen squid (*Loligo* spp.) from India, China, Vietnam, and Thailand.

² 03046200 - Frozen fillets of catfish "Pangasius spp., Silurus spp., Clarias spp., Ictalurus spp."

03047500 - Frozen fillets of Alaska pollack "Theragra chalcogramma"

03061792 - Frozen shrimps of the genus "Penaeus", even smoked, whether in shell or not, incl. shrimps in shell, cooked by steaming or by boiling in water

03074338 - Squid "Loligo spp.", frozen (excl. "Loligo vulgaris, pealei and gahi")

16041421 - Prepared or preserved skipjack, whole or in pieces, in vegetable oil (excl. minced)

16041426 - Fillets known as "loins" of skipjack, prepared or preserved, whole or in pieces (excl. such products in vegetable oil or minced)

16041428 - Prepared or preserved skipjack, whole or in pieces (excl. minced, fillets known as "loins" and such products in vegetable oil)

- Prepared or preserved skipjack tuna (from Papua New Guinea, Vietnam, Philippines, China and Mauritius)

Over the first weeks of 2024, significant decreases of imported volumes were reported for all selected products. Now the available weekly import data goes up to W11-2024, it is possible to analyse if these decreases have been compensated or not by increasing volumes in the following weeks.

The change rate was calculated between weeks 1 to 11 2024 and the same period in 2023. For tuna, Alaska pollock and shrimp, a significant decline of imported volumes was reported (from -70% for Alaska pollock to -15% for squid) which could be linked with the context in the Red Sea. However, for Pangasius and squid, increases of import volumes over the period W8-W11 have allowed to compensate the lower volumes reported during the first weeks of the year. In terms of prices, decreasing trends have been observed for most of products except for preserved skipjack tuna (+9%).

As far as the change rate between weeks 1 to 11 2024 and the 8 last weeks of 2023 is concerned, contrasted trends in volume are reported: slight decreases for squid and shrimp, slight increase for Pangasius and significant decreases for Alaska pollock and skipjack tuna. In terms of prices, a slight decreasing trend is reported for squid and Alaska pollock and a slight increase for others. At this stage there is no clear link between the price trends and the context in the Red Sea.

Table 2: Change rates in EU-27 import volumes and prices for assessing the impacts of the Houthi attacks in the Red Sea

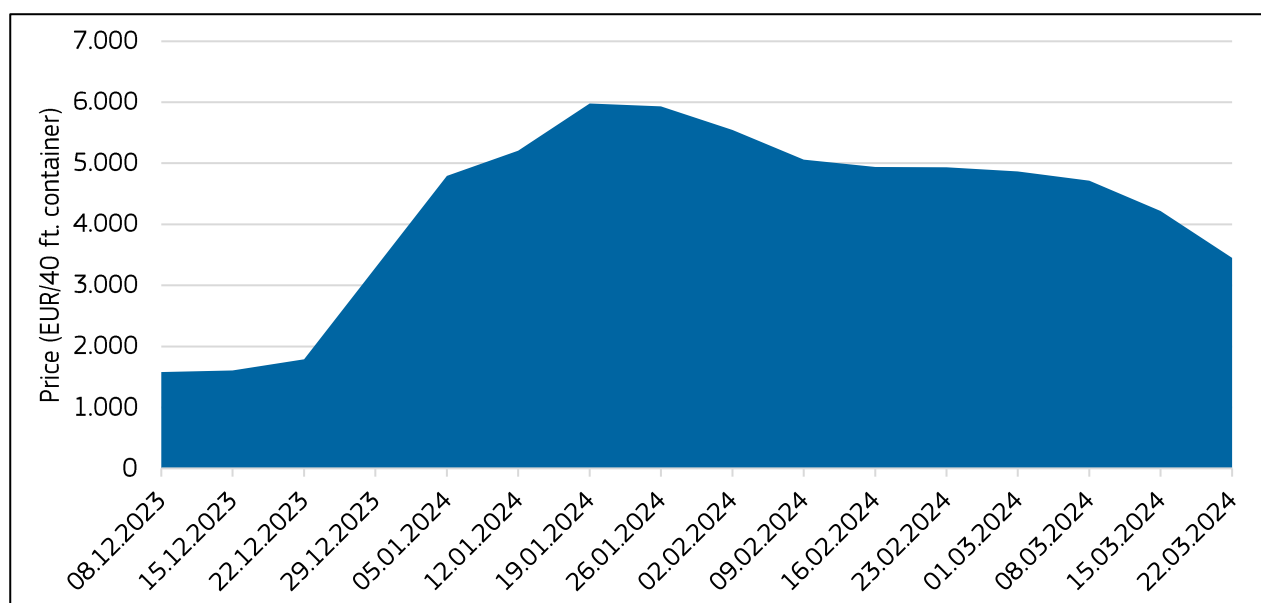
Import volumes	W1-11 2024 vs W1-11 2023	W1-11 2024 vs W43-53 2023
Frozen Pangasius fillets	0%	4%
Frozen Alaska pollock fillets	-70%	-80%
Preserved skipjack tuna	-42%	-23%
Frozen squid	6%	-3%
Frozen shrimp	-15%	-13%
Import prices	W1-11 2024 vs W1-11 2023	W1-11 2024 vs W43-53 2023
Frozen Pangasius fillets	-18%	5%
Frozen Alaska pollock fillets	-30%	-5%
Preserved skipjack tuna	9%	4%
Frozen squid	-19%	-13%
Frozen shrimp	-10%	1%

Source: EUMOFA elaboration based on DG TAXUD weekly import data.

1.3.Freight costs

Container freight costs have continued to decline throughout March, going from 4.867 EUR/40 ft. container on 01 March to 4.451 EUR/40 ft. container on 22 March, a price decrease of 29%. Container freight costs remain high compared to the period before the Houthi attacks began, with an average cost of more than 2.000 EUR higher in the three last weeks of March compared to the three last weeks of December.

Figure 1: Container freight costs³ from China/east Asia to northern Europe (price in EUR/40 ft. container)



Source: Freightos.

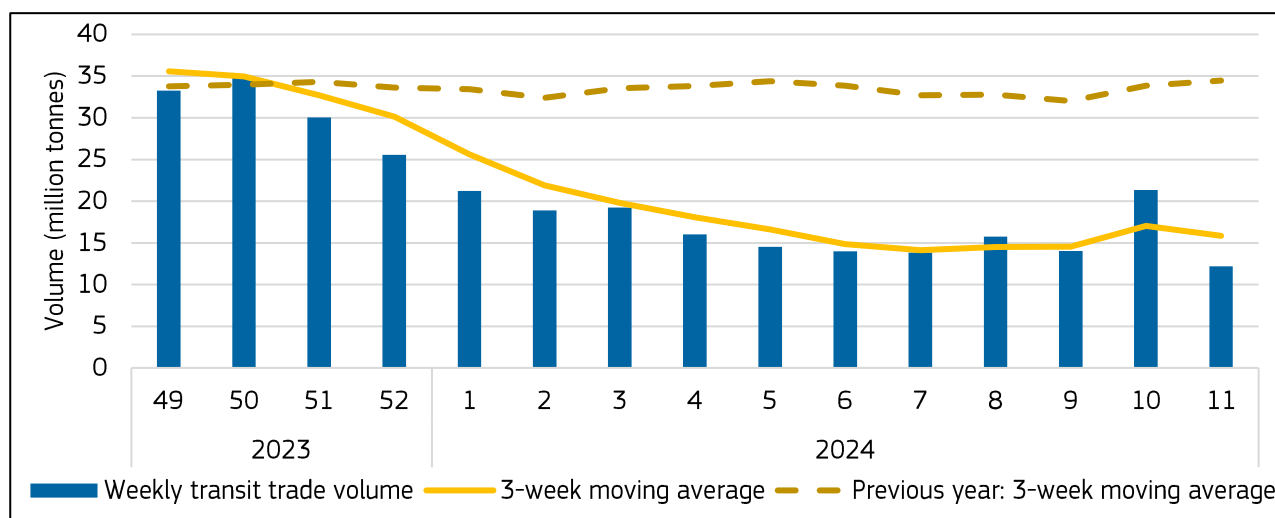
Vessels are still being routed away from the Bab al-Mandab Strait and Suez Canal to avoid the Houthi militias operating in the area. Since the beginning of the Red Sea crisis until week 11 2024, traffic through the Suez Canal has on average decreased by 3% weekly⁴. Based on the three-week average from week 9–11 2024, traffic through the Suez Canal was 33% lower compared to the same period the year before. At the same time, the number of vessels routed past the Cape of Good Hope has on average increased by 0,5% weekly since the Red Sea crisis started and the three-week average (week 9–11) was 12% higher in 2024 compared to the same period in 2023.

The same trends are apparent for the weekly transit trade volume (this volume includes all goods) passing through the Suez Canal and the Cape of Good Hope. Before the Red Sea crisis started, the weekly transit trade volume passing through the Suez Canal averaged 35,6 million tonnes (weeks 47–49 2023). The most recent data show that this volume has decreased significantly by 55% and averaged at 15,9 million tonnes in weeks 9–11 2024. On average, this constituted a 5% decrease in weekly trade volume passing through the Suez Canal since the crisis started. Compared to the same period in 2023 (weeks 9–11), the weekly transit volume was 54% lower in 2024.

³ The global ocean freight container pricing index, FBX11, was used to create the figure. The FBX11 measures 40' container prices across key port pairs from China/east Asia to northern Europe. This index is created and maintained in collaboration with the Baltic Exchange. Key ports in the index include Shanghai (PVG) and Ningbo (NGB) in China and Rotterdam (RTM) and Hamburg (HAM) in Europe.

⁴ Calculations were based on daily transit calls through the Suez Canal from [IMF Port Watch](#).

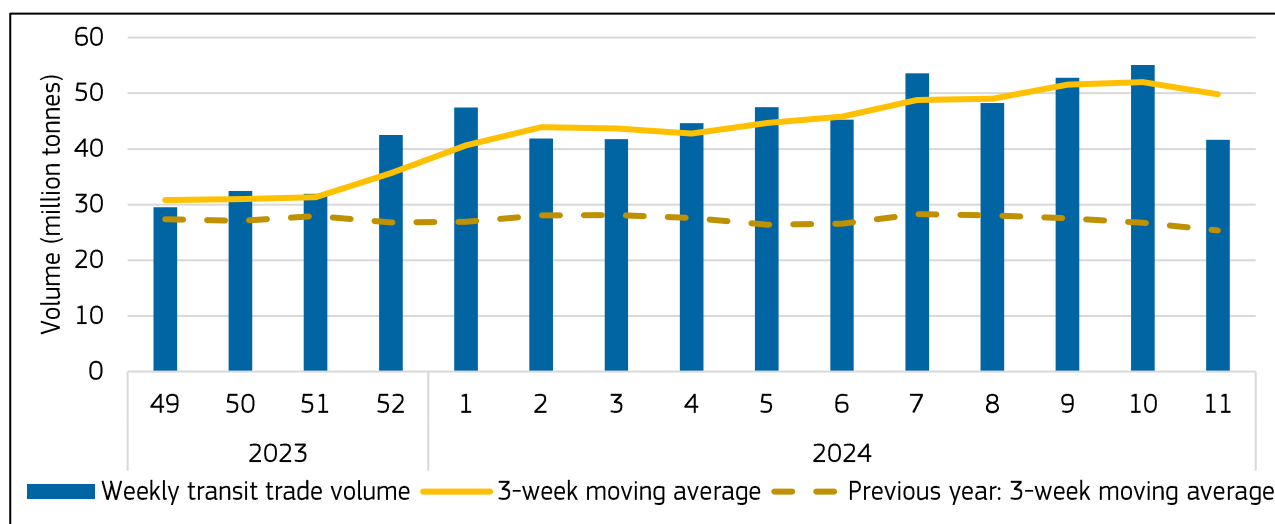
Figure 2: Weekly transit trade volume through the Suez Canal, Dec 2023-Mar 2024



Source: UN Global Platform, IMF Port Watch.

As the weekly transit trade volume through the Suez Canal has decreased, the volume passing the Cape of Good Hope has increased⁵. Average weekly transit volume passing the Cape of Good Hope before the crisis started was 30,8 million tonnes (weeks 47-49 2023), while the most recent data indicate an increase in trade volume of 62% (weeks 9-11) to a volume of 49,8 million tonnes. This represents an average weekly increase in transit trade volume of 3% since the crisis started. Compared to the same period in 2023 (weeks 9-11), the weekly transit trade volume was 96% higher.

Figure 3: Weekly transit trade volume through the Cape of Good Hope (Dec 2023-Mar2024)



Source: UN Global Platform, IMF Port Watch.

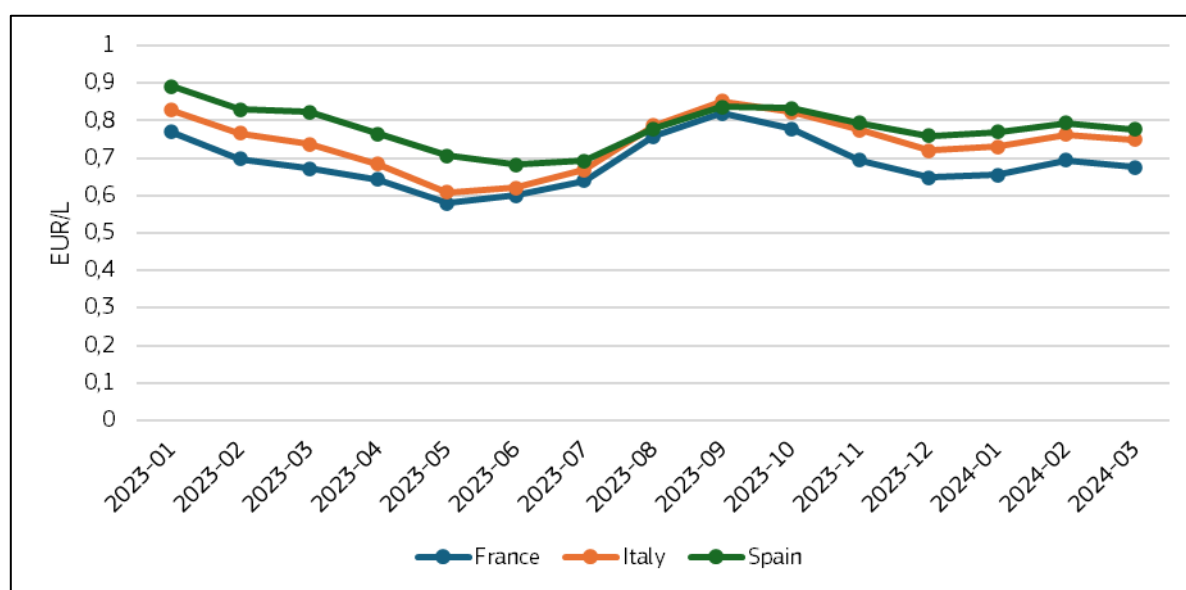
⁵ Calculations were based on daily transit calls through the Suez Canal from [IMF Port Watch](#).

2. Potential impacts on EU production of FAPs

2.1 Evolution of marine fuel in a selection of MS

In January 2024, marine fuel prices slightly increased (+1% in Italy and France, +2% in Spain) compared to December 2023. It stopped the decreasing trend observed since September 2023. In February, it continued increasing (+6% in France, +4% in Italy and +3% in Spain). However, there is no indication that this is linked to the context in the Red Sea. In March, it seems that prices started decreasing in all selected countries.

Figure 4: Marine fuel prices in a selection of MS (EUR/L)



Source: EUMOFA elaboration of MABUX data