European Commission

E U M O F A

European Market Observatory for fisheries and aquaculture products

Case study

Price structure in the supply chain for fresh cod in United Kingdom

Last update: June 2016

Maritime Affairs an Fisheries

Contents

0 TASK REMINDER – Scope and content

0.1 Case study scope

Reminder

The case studies will aim at illustrating how to concretely analyze price and value transmission in seafood supply, using the European observatory datasets (prices at different level of the chain) and complementary tools and data (interviews with experts and key actors in the supply chain).

The analysis will be focused on one national market (the most, or one of the most important for the considered product), which means that analysis will be developed in the most possible detailed way only for this country. This will lead to organize specific data collection and physical missions, in-depth interviews and information exchange with key actors of those markets.

The rationale for choosing fresh cod to analyze price transmission and distribution of value in some EU supply chains is described in the following table.

Products	Origin	Characteristics	Market and price drivers
Fresh cod and groundfish species (Haddock, Pollack, Tilapia, Pangasius…)	Raw material : Iceland, Norway, Russia, EU Processed products : Natural fillets	Most of the fresh raw material is imported from Iceland.	Strong dependence on international sources for seafood supply. Cod and haddock are key whitefish species for the UK market. Intra-EU market and competition (FR, ES) Currency rates (EUR/GBP)

As agreed with the steering committee:

- The study focuses on the most important market: i.e. United-Kingdom, which means that analysis are developed in the most possible detailed way only for this country;
- An overview of available information and preliminary analysis is proposed for the other relevant markets and a specific focus is made on price transmission in France.
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Species -Products	Main MS (focus)	Other MS (overview)
Fresh cod (fillets)	United Kingdom	France

0.2 State and content of the document

The methodology proposed, and agreed, for developing case studies on price transmission in EU supply chains for fishery and aquaculture products involves two main complementary tasks:

- First, mobilizing the maximum of available data and statistics and developing specific investigations (such as group analysis for establishing economic performance of key actors of the supply chains);
- Second, conducting a limited number of interviews with experts and stakeholders (fresh cod importers, processors, retailers), in the objective of getting qualitative comments on structured data produced in task 1, and for collecting complementary information on standard costs and margins.

Consequently, the present document is a structured presentation of the quantitative information available on cod production, international trade, market, consumption and price and margin analysis.

The key elements of analysis are organized on a synthetic way, with specific consideration on price transmission and distribution of value in the chains.

1 DESCRIPTION OF THE PRODUCT(s) AND MARKET(s)

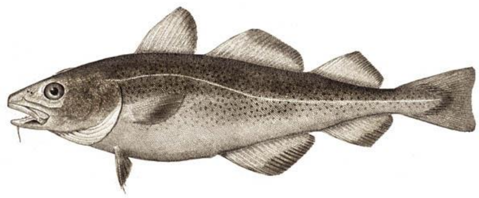
1.1 Fresh cod products

1.1.1 Name, presentation, place in the nomenclature

The case study focuses on fresh cod fillets.

Main product

Name: Atlantic Cod (Gadus morhua)



Subsitutes

Fresh fillets are the most expensive cod product on the market.

Fresh cod is competing with other species that are in good and growing supply:

- Haddock;
- Hake;
- Pollock;
- Pangasius, Tilapia.

The frozen market is also an important volume market.

Presentation and conversion to live fish equivalent:

Table 1- Estimated yield and conversion rates for Atlantic cod

	Yield	Conversion rates
Live fish	100%	1,00
Gutted, head on	85%	1,18
Gutted, head off	67%	1,50
Fillet	35%	2,85

Sources:
EUMOFA, Phase 2 Final report, Annex V “conversion factors”

Related codes

Atlantic cod is differentiated in the COMEXT nomenclature for the whole fish (fresh and frozen) but not for fillets.

For fresh fillets, Atlantic cod is mixed with Greenland cod (*gadus ogac),* Pacific cod (*gadus macrocephalus*) and Polar cod *(boreogadus saida).*

For frozen fillets, only Pacific cod is differentiated. Atlantic cod is mixed with Greenland cod and Polar cod.

Whole fish :

- Fresh or chilled cod
    - *Gadus morhua*: 03025010
    - *Gadus ogac*, *gadus macrocephalus*: 03025090
- Frozen cod
    - *Gadus morhua*: 03035210
    - *Gadus ogac*: 03035230
    - *Gadus macrocephalus*: 03035290

Fillets :

- Fresh or chilled cod
    - «*Gadus morhua*, *gadus ogac*, *gadus macrocephalus* » and fillets of fish of the species « *boreogadus saida* » : 03041931
- Frozen cod
    - *Gadus macrocephalus*: 03042921
    - «*Gadus morhua*, *gadus ogac*» and fillets of fish of the species « *boreogadus saida* » : 03042929

COMEXT data show that the part of cods other than Atlantic cod in imports is quite low : in 2011 UK imported 8 254 t of fresh cod (whole), out of which 8 091 t of Atlantic cod (98%). Import price of Atlantic cod (2,91 €/kg) is far above the price of other cods (2,14 €/kg).

1.1.2 Production and availability of fresh cod

The main supplier of the EU market is the wild cod. Aquaculture supplies only 16 000 tonnes, coming mainly from Norway.

The only EU cod farming company, based in UK, went bankrupt in 2008.

Table 2 – Production of farmed Atlantic cod (tonnes)

Country	2005	2006	2007	2008	2009	2010	2011
United Kingdom	158	543	1 111	1 822	0	0	0
Iceland	1 050	1 410	1 450	1 502	995	1 205	772
Norway	7 409	11 087	11 104	18 052	20 924	21 240	15 249
Total	8 617	13 040	13 665	21 376	21 919	22 445	16 021

Source : FEAP, Norwegian Directorate of Fisheries

Key analysis:

- In 2010 the world catch of Atlantic cod has about the same level as in 2000 : 950 000 t.
- The main suppliers are Norway, Iceland and Russia.
- EU-27 production decreased regularly until 2007 (-45% between 2000 and 2007) then started to grow again (+19% between 2007 and 2010).
- The Pacific cod does not play any role on the fresh market. But significant volumes of frozen are imported (see further).

Figure 1 – World catch of Atlantic cod (tonnes)

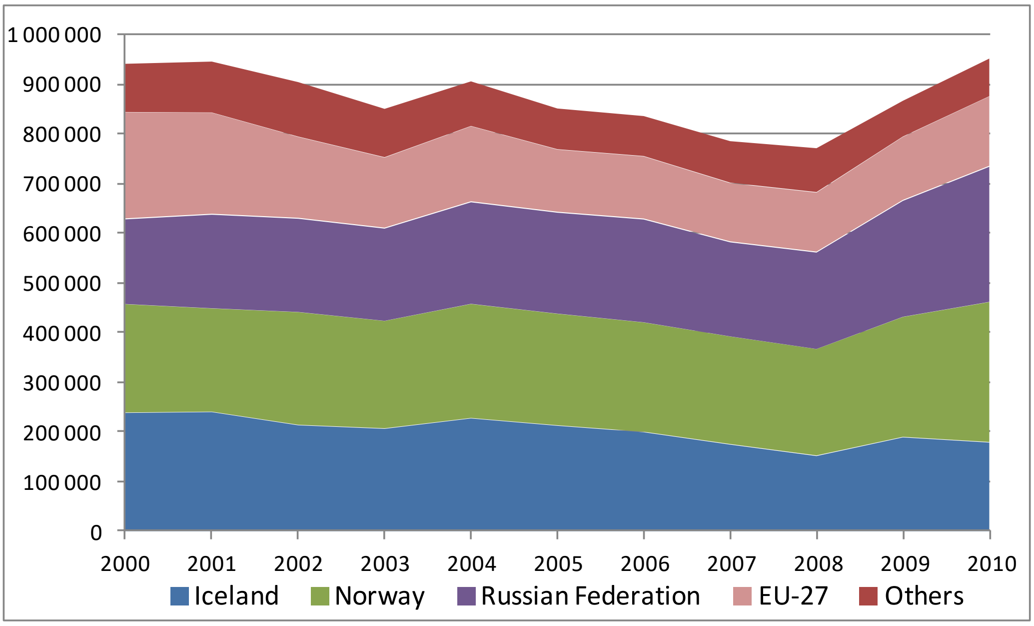


Table 3 - World catch of Atlantic cod (tonnes)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Norway	219 197	208 977	228 096	217 362	230 746	225 775	221 299	217 789	215 443	242 797	283 338
Russia	171 018	188 884	188 213	186 162	205 035	203 738	207 530	189 913	194 610	234 065	272 772
Iceland	238 324	240 002	213 417	206 290	227 222	212 423	199 375	174 436	151 397	188 976	178 599
EU-27	214 118	203 881	163 238	141 378	151 430	125 409	125 237	117 471	119 031	127 192	139 984
Other	97 694	103 115	110 249	97 823	90 289	82 432	80 971	83 944	88 835	72 347	76 257
World - total	940 351	944 859	903 213	849 015	904 722	849 777	834 412	783 553	769 316	865 377	950 950
UK	41 750	32 840	31 548	21 543	21 210	20 001	20 841	19 332	19 336	22 515	25 753
% UK in EU-27	19,5%	16,1%	19,3%	15,2%	14,0%	15,9%	16,6%	16,5%	16,2%	17,7%	18,4%

Source :
FAO - Fisheries and Aquaculture Information and Statistics Service – Global catch of Atlantic Cod.

2 THE EU MARKETS FOR ATLANTIC COD

2.1 Structure of the EU markets

2.1.1 Apparent market by Member State

The UE market for fresh Atlantic Cod was estimated 230 000 tonnes (equivalent live weight) in 2010, in. UK is the largest market (about one quarter of total EU apparent market), followed by France, Poland and Spain.

These four main countries account for 70% in the global EU market (in volume).

Table 4 – Apparent market for fresh Atlantic cod in the EU in 2010 (t equivalent live weight)

Member States	Production (live weight)	Import (live weight)	Export (live weight)	Apparent market (live weight)
United Kingdom	**25 753**	**34 672**	**6 528**	**53 897**
France	5 298	49 118	2 646	51 770
Poland	14 841	24 581	10 749	28 673
Spain	14 089	12 265	1 212	25 141
Sweden	12 404	19 192	21 000	10 595
Germany	19 477	8 895	11 945	16 427
Other	41 555	106 515	111 748	36 322
TOTAL EU-27	**139 979**	**255 237**	**165 828**	**229 388**

Sources:
FAO - Fisheries and Aquaculture Information and Statistics Service – Global capture of Atlantic Cod
COMEXT – Import and export of whole fresh Atlantic cod (CN code 03 02 50 10) and fresh cod fillets (CN code O3 04 19 31)
Apparent domestic market for each Member State is calculated in live weight as follows : production – export + import; the following conversion factors have been used to calculate imports and exports in equivalent live weight : 1,34 for fresh whole (CN code 03 02 50 10) and 2,85 for fresh fillets (CN code O3 04 19 31), according to Annex V “conversion factors” of EUMOFA Phase 2 Final report.

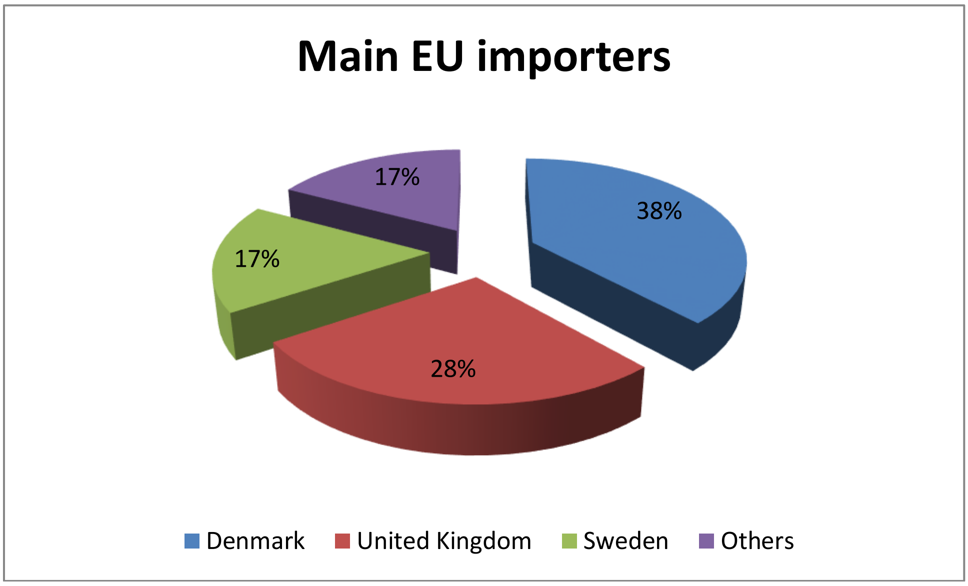
2.1.2 Supply of the main EU market for fresh cod

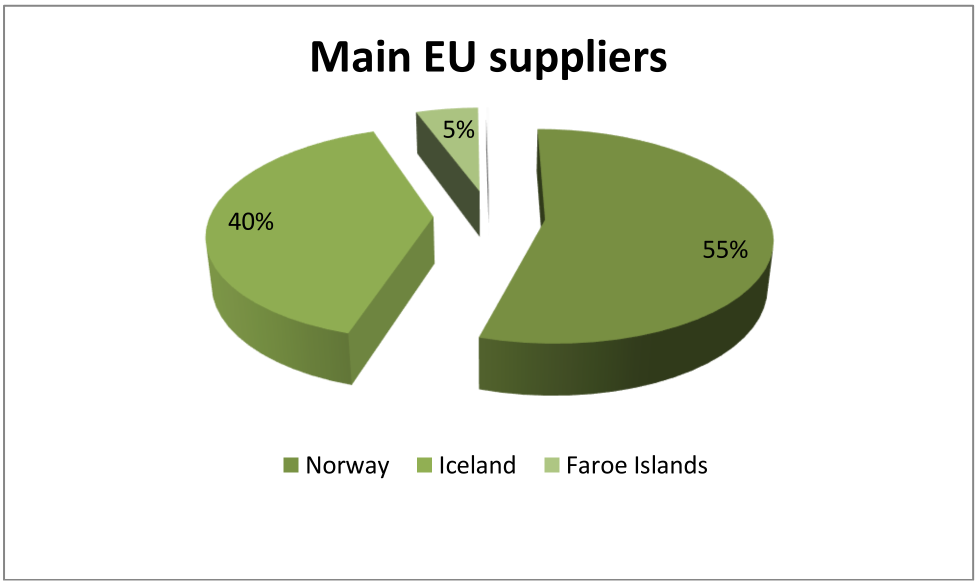
Most European markets for Atlantic Cod are built on a strong dependency on imports as the main suppliers are extra-EU countries (Norway, Iceland, Russia).

Three of the big 4 EU national markets are covering about half of their fresh market needs with their own production. France is the only big market which relies almost exclusively (for 90%) on imports.

Denmark is the largest European trader of fresh Atlantic Cod. It is the main importer (22% of European imports), followed by Spain and UK (12% each). It is also the main exporter with 54% of European exports (see next figure), followed by Sweden (13%).

Figure 2 – Main European importers for Fresh Cod (live weight)





Sources:
Elaboration from COMEXT – Fresh Atlantic Cod (whole + fillets) - Data of volume – 2010.

2.1.3 Main exporting countries within the EU

Denmark exports more than half of the fresh cod exported by the EU Member states, arriving before Sweden and Poland.

The United Kingdom is the fourth largest exporter.

Figure 3 – The main European exporters of fresh cod (equivalent live weight) in 2010

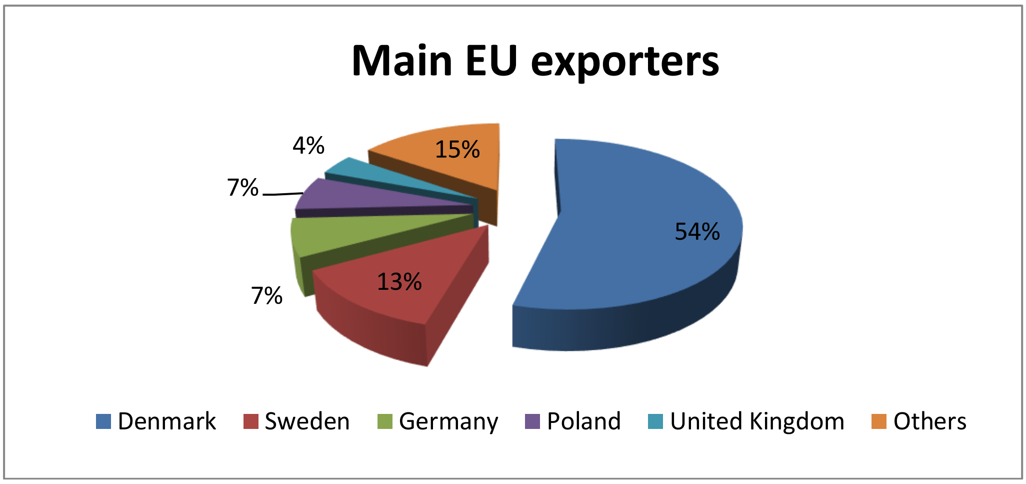


Table 5 – Main EU exporters of fresh cod

Member States	Export (live weight)
Denmark	**90 089**
Sweden	21 000
Germany	11 945
Poland	10 749
United Kingdom	6528
Other	25 517
TOTAL EU-27	**165 828**

Sources:
Elaboration from COMEXT – Fresh Atlantic Cod, whole and fillets (CN codes 03 02 50 10 and 03 04 19 31) - Data in volumes, equivalent live weight, Extra-EU + Intra-EU trade
The following conversion factors have been used to calculate imports and exports in equivalent live weight : 1,34 for fresh whole (CN code 03 02 50 10) and 2,85 for fresh fillets (CN code O3 04 19 31), according to Annex V "conversion factors" of EUMOFA Phase 2 Final report.

2.2 The British market

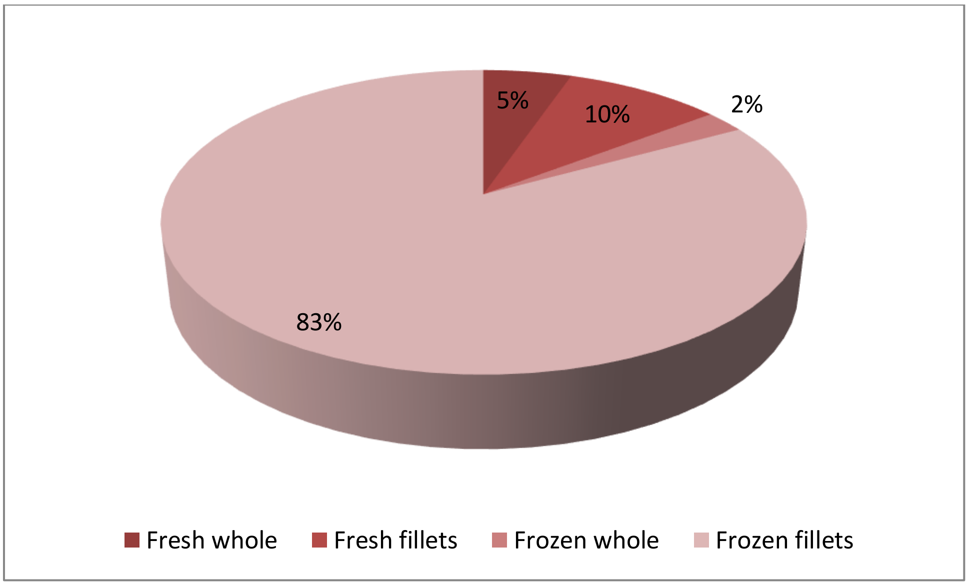
2.2.1 A significant fresh market

a) dependent on imports

As we saw in § 2.1.1 the apparent British market for fresh cod amounts to 54 000 t (live weight) and relies for more than half on imports.

Imports of fresh cod represent 15% of overall cod imports (in live weight equivalent). Fresh makes up the major part of whole cod imported (69%), whereas it contributes very little to fillet imports (10%).

Figure 4 – UK imports of Cod in 2010 (tonnes – live weight equivalent)



Product	Net weight	Equivalent live weight
Fresh whole	9 323	12 493
Fresh fillets	7 782	22 179
Frozen whole	4 197	5 624
Frozen fillets	68 727	195 872
Total	90 029	236 168

Sources:
Elaboration from COMEXT (2010): Fresh or chilled – whole – (03025010, 03025090); Fresh or chilled – fillets- (03041931, 03041031); Frozen – whole – (03035210, 03035230, 03036011, 03036019, 03036090, 03035290); Frozen fillets (03042921, 03042021, 03042929, 03042029)
Conversion factors used : 1,34 for whole, 2,85 for fillets

Generally speaking UK is dependent on international sources for seafood supply. Cod is with Haddock the key whitefish species for the UK market. Iceland represents a key source of supply for both Cod and Haddock into the UK.

In 2010, UK imported 90 000 t of Cod and exported 27 000 t.

b) with increasing share of filets in imports

Over the last decade the share of the whole fish in the British imports of fresh cod has decreased significantly in favour of fillets.

The part of whole cod fell from 67% in 2000 to 36% in 2010 in volume (live weight). In value the drop is even stronger (from 61% to 29%) since the import price of the fresh whole cod remained almost steady (+3,8% over the decade) whereas the fillet price increased significantly (+14,0%).

Figure 5 – UK imports of fresh cod (volume in t live weight)

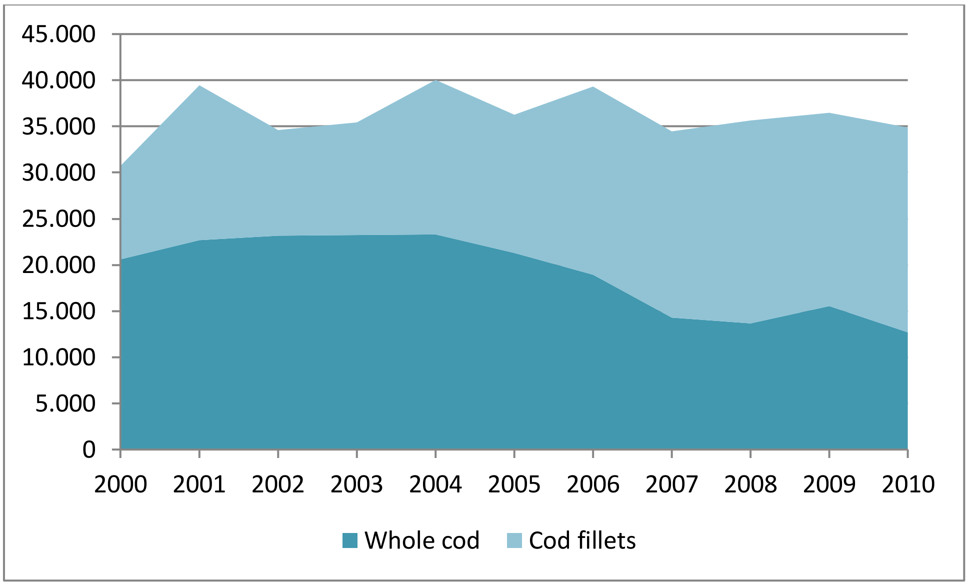


Table 7 – UK imports of fresh cod (volume and value)

	Whole cod			Cod fillets			Fresh cod - all (equiv. live weight)	
	t net weight	t live weight	1 000 €	t net weight	t live weight	1 000 €	t	1 000 €
2000	15 348	20 567	42 817	3 551	10 121	27 537	30 688	70 354
2001	16 905	22 652	48 239	5 895	16 802	33 325	39 454	81 564
2002	17 265	23 135	46 968	4 021	11 459	33 546	34 593	80 514
2003	17 347	23 245	39 392	4 281	12 201	34 600	35 446	73 993
2004	17 387	23 298	41 883	5 873	16 739	44 888	40 037	86 770
2005	15 908	21 316	45 888	5 239	14 931	42 005	36 247	87 892
2006	14 134	18 939	51 885	7 152	20 382	64 259	39 321	116 143
2007	10 652	14 274	43 016	7 092	20 212	76 653	34 486	119 669
2008	10 208	13 679	35 885	7 717	21 992	70 888	35 671	106 774
2009	11 582	15 519	35 643	7 361	20 977	56 303	36 497	91 947
2010	9 472	12 693	27 422	7 782	22 180	68 795	34 872	96 217

Sources:
Elaboration from COMEXT (2010): Fresh or chilled – whole (03025010, 03025090); Fresh or chilled – fillets (03041931, 03041031)
Conversion factors used: 1,34 for whole, 2,85 for fillets

c) Iceland supplier n°1

The largest volume of fresh cod is sourced from Iceland, which in 2010 supplied 40% of whole cod and 80% of cod fillets imported by thre UK (in volume).

Figure 6 – UK fresh whole cod imports by origin (volume in tonnes net weight)

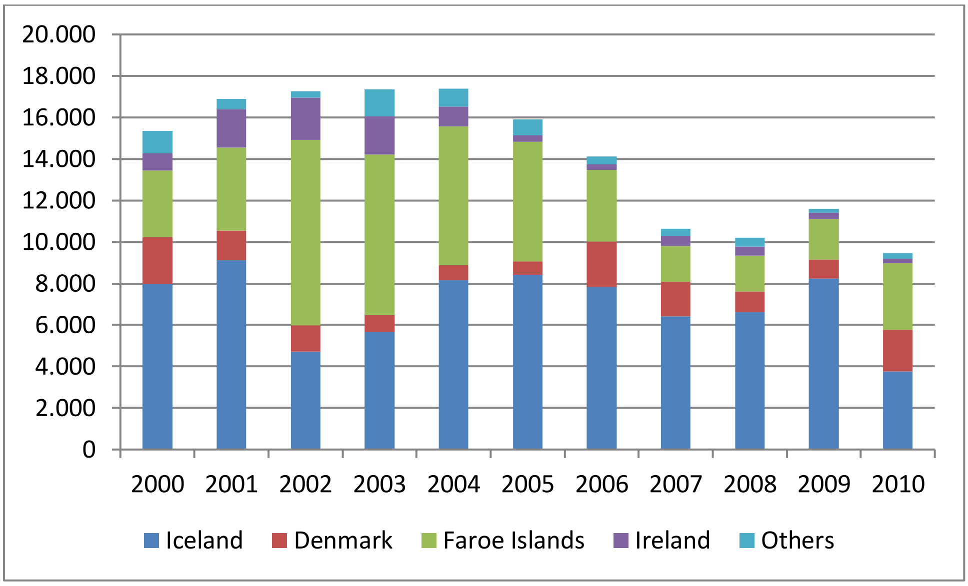


Table 8 – UK fresh whole cod imports by origin (volume in tonnes net weight)

Origin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Iceland	7 986	9 138	4 709	5 682	8 172	8 417	7 833	6 400	6 621	8 235	3 766	3 555
Faroe Islands	3 206	4 011	8 939	7 753	6 671	5 747	3 445	1 732	1 726	1 935	3 204	2 089
Denmark	2 244	1 416	1 282	786	717	656	2 196	1 676	990	923	2 001	2 105
Ireland	842	1 822	2 027	1 828	966	317	268	496	451	307	228	238
Others	1 071	518	308	1 298	860	771	393	348	420	181	273	104
TOTAL	15 348	16 905	17 265	17 347	17 387	15 908	14 134	10 652	10 208	11 582	9 472	8 091

Sources:
Elaboration from COMEXT: Fresh or chilled – whole – (03025010, 03025090), net weight

These Icelandic supplies are transported in container ship (for sale through auction markets). Fresh supplies are mainly head-on gutted cod and haddock in container, while a small share of the volume is transported by air (fresh cod fillets).

Furthermore Iceland is the largest supplier of frozen cod.

Figure 7 – UK fresh cod fillet imports by origin (volume in tonnes net weight)

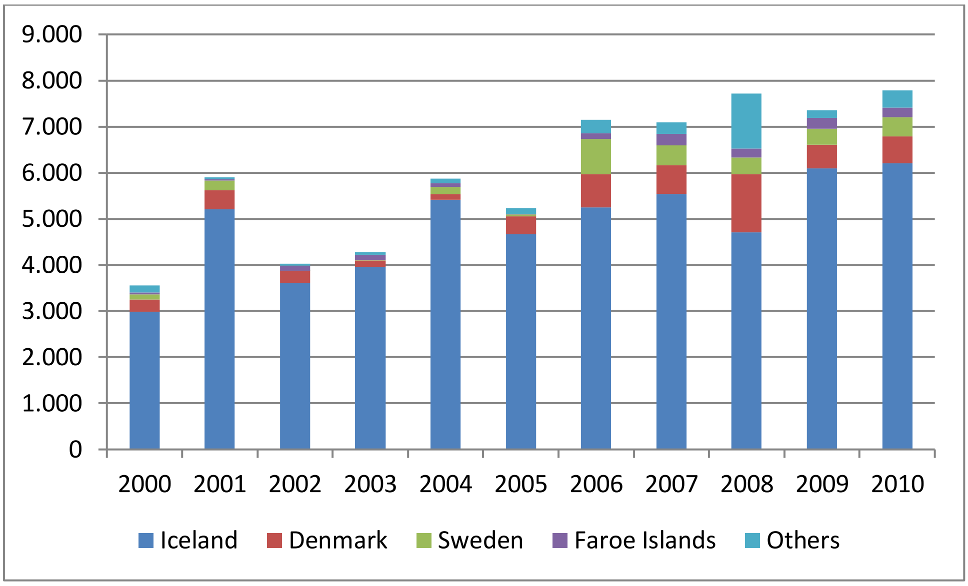


Table 9 – UK fresh cod fillet imports by origin (volume in tonnes net weight)

Origin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Iceland	2 983	5 200	3 618	3 953	5 420	4 672	5 245	5 541	4 709	6 092	6 204	6 924
Denmark	264	419	256	140	119	376	719	616	1 255	520	582	129
Sweden	112	213	4	20	151	47	769	430	367	337	417	335
Faroe Islands	46	27	105	105	83	18	121	256	193	245	210	216
Others	147	37	38	64	99	126	298	249	1 193	166	370	92
TOTAL	3 551	5 895	4 021	4 281	5 873	5 239	7 152	7 092	7 717	7 361	7 782	7 696

Source:
Elaboration from COMEXT : Fresh or chilled – fillets – (03041031, 03041931), net weight

2.2.2 The Grimsby Market

Grimsby is one of the 3 main auction markets in UK. The two other ones are Peterhead and Brixham.

Unlike the other two Grimsby is heavily dependent on supplies from Iceland and Faroe Islands.

Grimsby used to be an important landing place during the years of the gadoid boom in the 1970s and early 1980s. Very few British vessels land in Grimsby now but Grimsby still has the highest value of fish sold. 95% of fish sold is brought in via sea freight from Iceland, with a small amount of fish from the Yorkshire coast coming overland.

The region benefits from a special trading relationship with Iceland, a number of globally significant processing companies and a good logistics to UK retailers. The Grimsby market attracts more buyers than any other market in the UK, with more than 100 registered buyers.

The specificity of Grimsby market is that almost all the fish handled is imported, mainly from Iceland and Faroe Islands. Fresh raw material from the UK vessels is fresher and of better quality than the imported fish.

As Peterhead auction market is specialized in domestic fish landings and operates on another area, there is no competition with Grimsby.

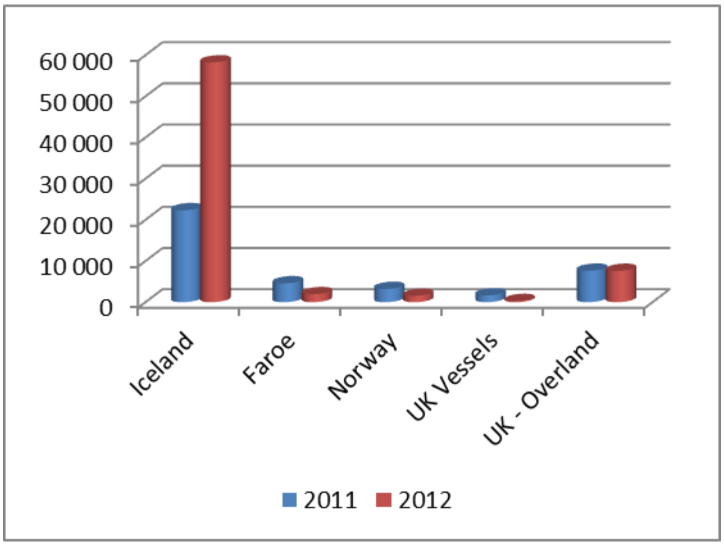
Competition is stronger at the second level: near 100 processors, large and small companies, are located around the Grimsby market.

A large part of the fresh fish and goes directly from Iceland/Faroe to processors.

Fish supplied to Grimsby market is generally made up as follows: 45% haddock, 30% cod and the remaining 25% is made up of mix species[1].

Figure 8 – Volume of fish landed by operation in Grimsby – Calendar year to date (from January 1st to March 9th), in boxes

(1 box = 50 kg)



Operation		Iceland	Faroe	Norway	UK Vessels	UK - Overland	Total
% of total	2011	57%	12%	8%	4%	19%	100%
% of total	2012	84%	3%	2%	0%	11%	100%
% change		161%	-58%	-53%	-84%	0%	0%

Sources:
Interview of Martyn Boyers – Chief executive of Grimsby Fish Dock Enterprises Limited
UK-Overland: fish transported by truck from other UK landing places

Iceland is the main supplier of the Grimsby market (for more than 80% of the fresh fish landed for the first weeks of 2012). The other suppliers are Norway and Faroe Islands. In order to diversify the raw material quality, Grimsby has redeveloped deliveries of domestic vessels (4% of the landings in 2011).

In 2010 a total of 18 150 t (363 000 boxes) of fresh fish was landed at Grimsby market. In 2011, this volume fell by 10,5% to 16 420 t.

[1] From the interview of Martyn Boyers, chief executive of Grimsby Fish Dock Enterprises Limited

2.2.3 Structure of the supply chain

The supply chain is influenced by (among other factors) the preferences of end markets and available supplies:

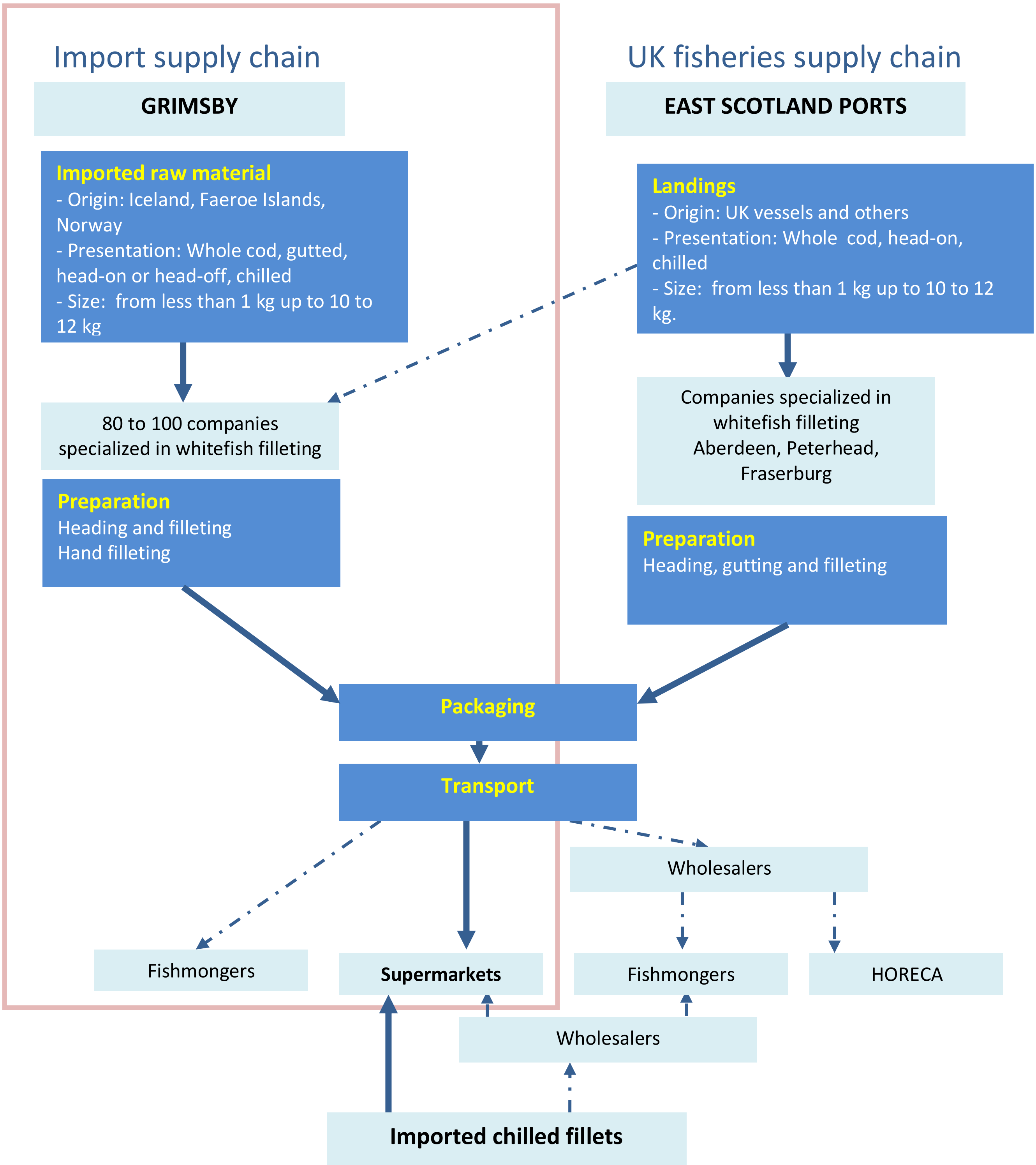
- Large processors supply national outlets in retail and food service with sizeable volumes of cod and haddock often sourced through direct contract.
- Mid-sized processors source material for regional outlets by direct contract, by supplies from Hull and Grimsby fish markets or both contract and market supply.
- Small processing firms cut material for local outlets and are almost entirely reliant on the fish markets[2].

Taking into consideration that most of the cod imported in the UK comes through Grimsby[3], the case study focuses on price transmission for whole chilled cod imported in containers from Iceland and Faroe Islands, filleted in Grimsby facilities and marketed in UK supermarkets (chilled).

[2] Outlook for supplies of Icelandic cod and haddock to the UK – Seafish 2010

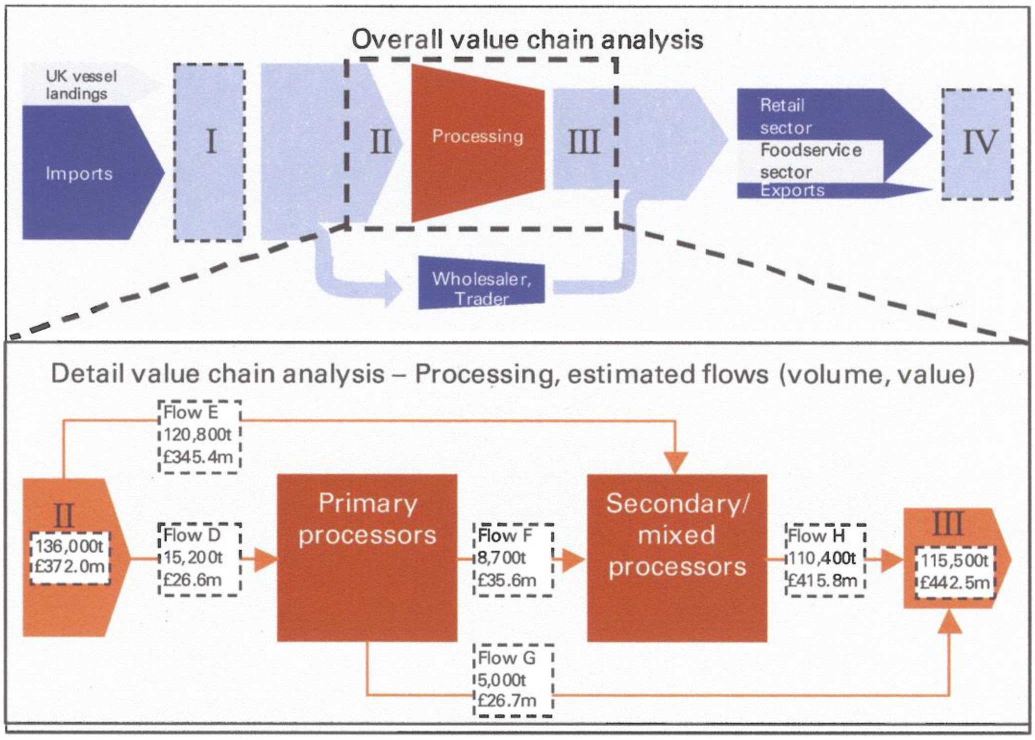
[3] Grimsby interviews (M. Boyers)

Figure 9 – Fresh cod supply chain



The following diagram from the Seafish-KPMG study ("Seafood industry value chain analysis", 2004) gives detailed analysis of the fresh cod supply chain. The analysis was done in 2004, with 2002 data, but there has not been any major change since then (except on the volumes).

Figure 10 – Value chain analysis for Cod at the processing stage



Source:
Seafish-KPMG 2004

Legend:
I : the combined imports and landings by UK and foreign vessels represent the supply of raw material in the value chain.
II : represents the inflow of raw materials to the processing sector.
III : represents the outgoing products from the processing sector.
IV : represents consumption and exports in the value chain (amount of finished products that goes to domestic consumption in the foodservice sector and through the retail sector, in addition to the flow of raw materials and finished products that are exported from the UK).

2.2.4 Segmentation of the market

The main segmentation of the market is based on the size of the fish. Cods can weight from less than 1 kg to 10 to 12 kg. Fishes are graded under 5 categories from 1 (for the biggest ones) to 5 (for the smallest ones), in accordance with EU marketing standards.

The choice will depend on the demand and the use (consumers or processing industry) but big fishes are easier to process than small ones.

2.2.5 Consumption

2.2.5.1 Consumption of fish

In volume, household consumption of fish in the UK fell by 3,7% in 2010, continuing a slow decrease. In value, consumer expenditure on fish rose in 2010 to £ 3,790 million compared to £ 3,765 million in 2009. However, household expenditure on fish fell slightly as a proportion of overall expenditure on food, to 5,2% in 2010, although figures for the three most recent years are by far the largest of the decade.

Table 10 – Fish household consumption in value from 2001 to 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total household purchases										
Purchases of fish (1000 tonnes)	482	479	485	492	523	537	525	515	508	489
Population (million)	59,1	59,3	59,6	59,8	60,2	60,6	61,0	61,4	61,8	62,3
Total household expenditure										
Expenditure on fish (£ billion)	2,9	2,9	2,9	3,1	3,3	3,5	3,7	3,7	3,8	3,8
Expenditure on food (£ billion)	66,3	68,0	70,4	71,9	74,0	76,7	79,3	68,3	71,2	73,5
Fish as a % of food	4,3%	4,2%	4,1%	4,3%	4,4%	4,6%	4,6%	5,4%	5,3%	5,2%

Source:
UK Fisheries Statistics 2011

2.2.5.2 Consumption of white fish

In volume, the consumption of white fish declined significantly, for fresh as well as for frozen.

Table 11 – White fish household consumption in quantity (grams/person/week)

grams/person/week	2006	2007	2008	2009	2010	2011
White fish, fresh	20	17	16	15	15	13
White fish, frozen	8	8	8	8	6	5

Source:
DEFRA, Family Food Datasets

To this household consumption have to be added 8 grams per person per week of white fish eaten out (stable in the period 2007-2011).

2.2.5.3 Balance sheet for cod

The volume of cod available for domestic use has significantly decreased in the last years (-28% between 2077 and 2011).

Table 12 - Balance sheet for cod for the UK : 2007 to 2011

	Quantity (1 000 tonnes)					Value (£ million)				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
Landings by UK vessels into the UK [a]	10,9	8,4	9,9	12,5	10,9	21,7	20,3	20,7	28,6	27,5
Imports [b]	115,4	108,6	105,6	101,4	103,1	435,6	441,4	349,3	372,0	409,2
Total supplies [c]	**126,3**	**117,0**	**115,6**	**114,0**	**114,0**	**457,3**	**461,6**	**370,0**	**400,6**	**436,6**
Exports [b]	16,0	24,1	32,5	31,0	34,8	46,6	67,3	73,6	81,0	99,6
Total available for domestic use [c]	**110,3**	**92,9**	**83,1**	**83,0**	**79,2**	**410,7**	**394,3**	**296,5**	**319,5**	**337,0**

(a) Landings are given in terms of landed weight.
(b) Excludes fish products.
(c) Excludes sources of fish other than imports and landings into the UK by UK vessels from sea fisheries.

Source: H.M. Revenue and Customs and Fisheries Administrations in the UK

2.3 Key drivers of the market

2.3.1 Competition with other white fish species

Cod is the most popular whitefish in the UK (the other major whitefish species are haddock and saithe) but only the second landed species behind haddock.

Table 13 - Evolution of landings of major whitefish species

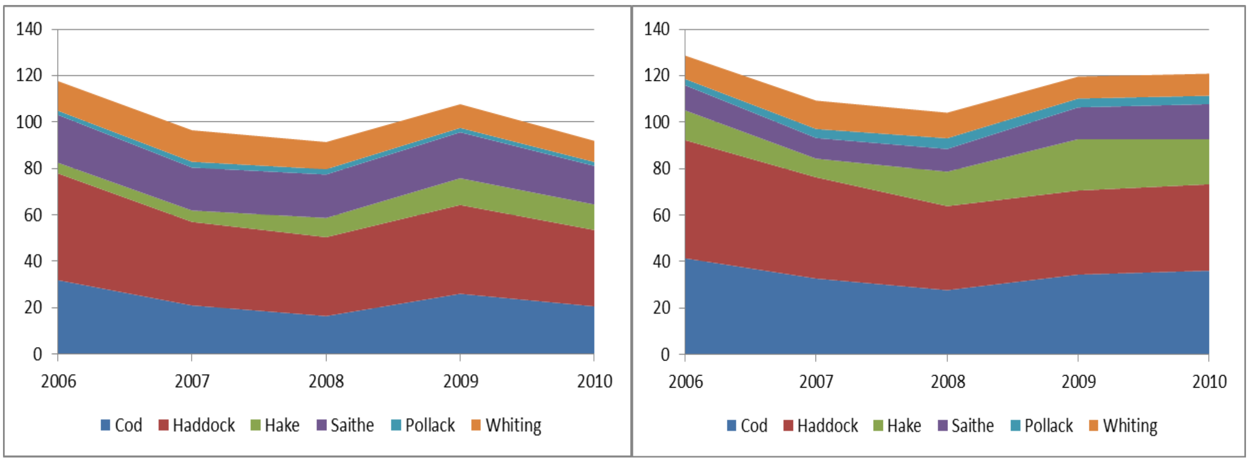
	Landings into the UK by UK vessels: 2006 to 2010									
	Quantity (1000 tonnes)					Value (£ million)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Cod	**12,9**	**12,8**	**9,8**	**11,6**	**14,7**	**20,7**	**21,7**	**20,3**	**20,7**	**28,6**
Haddock	38,9	32,3	31,9	34,8	31,7	45,3	39,9	35,0	34,2	36,2
Hake	2,7	2,8	4,1	6,4	5,6	6,1	4,6	7,8	11,8	10,2
Saithe	12,2	10,0	12,9	14,4	13,6	6,2	4,9	7,4	10,1	12,4
Pollack	1,8	2,5	2,3	1,9	1,7	2,7	3,8	4,5	3,8	3,5
Whiting	12,3	13,1	11,4	10,1	8,9	9,7	11,7	10,7	9,3	9,4
Total 6 species	80,8	73,5	72,4	79,2	76,2	90,7	86,6	85,7	89,9	100,3

	Landings into the UK by foreign vessels: 2006 to 2010									
	Quantity (1000 tonnes)					Value (£ million)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Cod	**19,0**	**8,2**	**6,6**	**14,4**	**5,9**	**20,7**	**11,0**	**7,4**	**13,7**	**7,5**
Haddock	7,1	3,7	2,1	3,5	1,2	5,6	3,7	1,2	2,0	1,0
Hake	1,9	2,1	4,2	5,1	5,4	6,7	3,4	7,0	10,3	9,2
Saithe	8,4	8,5	5,8	5,4	3,0	4,6	4,0	2,4	3,6	2,7
Pollack	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,0	0,1
Whiting	0,5	0,5	0,3	0,1	0,2	0,4	0,5	0,3	0,1	0,1
Total 6 species	36,9	23,0	19,0	28,5	15,7	38,0	22,7	18,4	29,7	20,6

	Landings abroad by UK vessels: 2006 to 2010									
	Quantity (1000 tonnes)					Value (£ million)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Cod	**8,0**	**6,6**	**9,5**	**10,9**	**11,1**	**8,7**	**8,2**	**13,1**	**11,1**	**16,7**
Haddock	0,9	1,2	1,1	1,6	1,9	0,7	0,9	1,4	1,3	1,9
Hake	1,2	1,8	1,9	1,6	1,3	0,7	0,9	1,4	1,3	1,9
Saithe	1,5	1,8	2,9	2,8	2,5	1,1	1,4	2,2	2,4	2,4
Pollack	0,4	0,2	0,2	0,2	0,3	0,5	0,4	0,4	0,5	0,9
Whiting	0,1	0,1	0,1	0,1	0,3	0,1	0,0	0,1	0,1	0,2
Total 6 species	12,1	11,7	15,7	17,2	17,4	11,8	11,8	18,6	16,7	24,0

Figure 9 – Landings in UK (by UK and foreign vessels) of major whitefish species

(volume in 1000 t, value in £ million)



Source:
UK Fisheries Statistics 2010.

Between 2006 and 2010 the landings in the UK (by both UK and foreign vessels) of the 6 major whitefish species decreased in volume from 117 700 t to 91 900 t (-22%) and in value from 128,7 million £ to 120,9 million £ (-6%).

Haddock remains the main landed whitefish species with 35,8% in volume and 30,8% in value.

The relative importance of cod among the 6 major whitefish species decreased in the period, from 27,1% in 2006 to 22,4% in 2010 in volume and from 32,2% in 2006 to 29,9% in 2010 in value.

Landings of cod into the UK by UK vessels increased by 14% in volume between 2006 and 2010, whereas landings of cod into the UK by foreign vessels fell by 69%, with less than 6 000 t landed in 2010 (against 19 000 t in 2006).

43% of the volume of cod caught by the UK vessels was landed outside the UK in 2010.

The cod landed into the UK by the domestic vessels fluctuated between 900 and 1 600 t/month during 2010, with a peak during summer time.

Average prices for cod landed into the UK by the UK fleet peaked in September at 2,32 £/kg, coinciding with a low in the landings.

The average landing price of cod rose by 35%, from 1,30 £/KG in 2006 to 1,75 £/kg in 2010, while haddock price remained stable (+2%) at around 1,10 £/kg.

3 PRICES ALONG THE SUPPLY CHAIN

This chapter analyses available price data (from other EUMOFA modules) and price trends at different levels of the fresh cod supply chain in the United Kingdom, with the objective to set the framework for price transmission analysis (chapter 4).

3.1 Price of raw material

3.1.1 Evolution of UK import prices

The evolution of imported fresh code prices in the last decade can be divided in two periods :

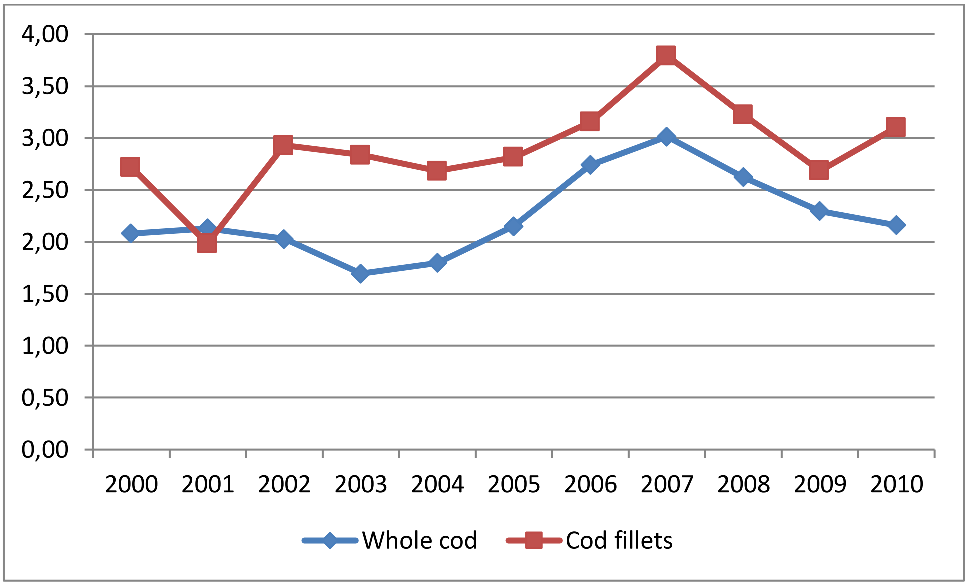
- until 2007 we can observe a clear upward trend, particularly strong between 2005 and 2007,

- then a downward trend from 2007, which stops in 2010 for fillets (cod fillet rose fell by 16% in 2010 while whole cod price continues to drop : -6%).

Table 14 – Average unit prices of imported fresh cod (whole and fillets) in the UK

	Net weight		Equivalent live weight	
	Whole cod	Cod fillets	Whole cod	Cod fillets
2000	2,79	7,75	2,08	2,72
2001	2,85	5,65	2,13	1,98
2002	2,72	8,34	2,03	2,93
2003	2,27	8,08	1,69	2,84
2004	2,41	7,64	1,80	2,68
2005	2,88	8,02	2,15	2,81
2006	3,67	8,99	2,74	3,15
2007	4,04	10,81	3,01	3,79
2008	3,52	9,19	2,62	3,22
2009	3,08	7,65	2,30	2,68
2010	2,89	8,84	2,16	3,10

Figure 12 – Price evolution of imported fresh cod (€/kg live weight equivalent)



Source:
Elaboration from COMEXT

3.1.2 Prices of fresh cod at Grimsby

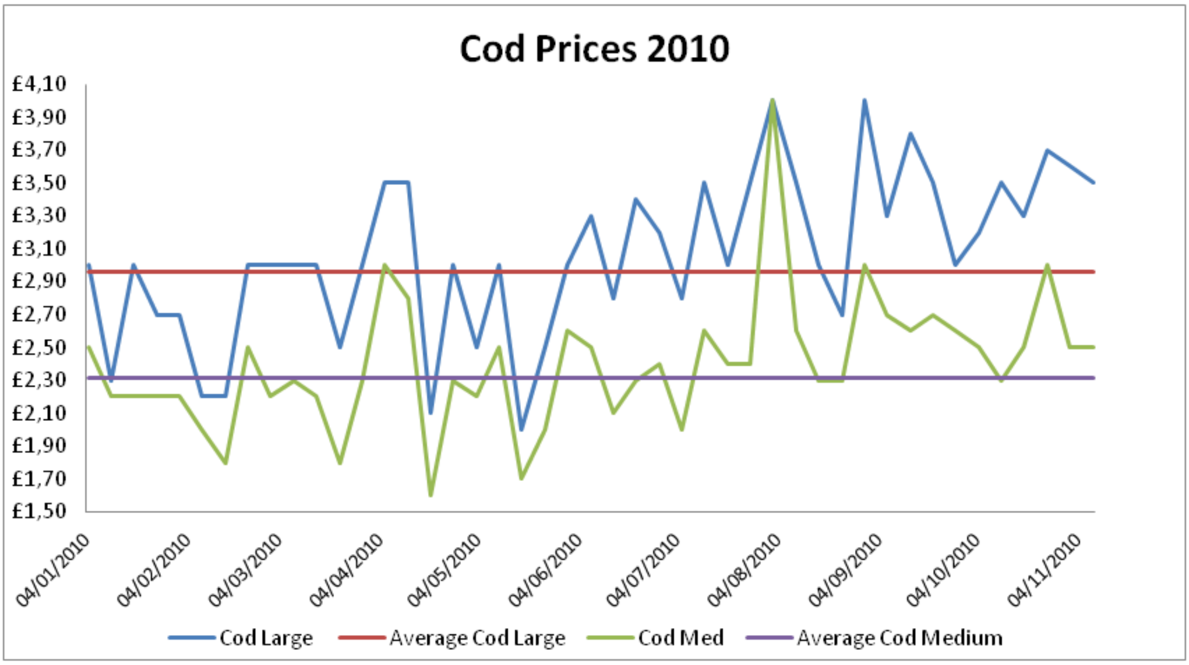
As it is coming mostly from Iceland and Faroe Islands which are cheaper origins than fresh cod coming from EU suppliers (particularly Denmark), the price of cod in Grimsby is lower than the average UK import price.

Table 15 – Price of imported fresh cod (whole) in Grimsby

2010	UK	Grimsby
Import fresh whole cod (£/kg)	2,89	2,73

Sources:
UK : COMEXT
Grimsby : Grimsby Fish Dock Enterprises

Figure 13 – Prices of cod arriving at Grimsby, in £/kg (2010)



Sources:
Grimsby data (interview of M. Boyers – March 1012)

3.2 Ex-factory prices

Price data series could not be collected at this stage of the supply chain.

PRODCOM gives data on ex-factory prices but it does not give detail by fish species. The nomenclature does not detail more than "Fresh or chilled fish fillets and other fish meat without bones" (code 10201100).

Trade associations of Billingsgate market in London have been met during the preliminary survey of the first phase, but Billingsgate does not collect prices anymore.

3.3 Retail prices

According to Grimsby Fish Merchants 70% of fresh cod fillets traded in Grimsby are going to the retail market.

In 2010-2011 the retail market of cod (fresh and frozen, whole or in fillets) was 42 464 tonnes for 314 million £. 33% was coming from Iceland, for a value of 126 million £.

According to Seafish Grimsby the share between the retail market and the foodservice market is more or less 50-50.

Table 7 gives data of fresh natural cod at the retail sales, excluding the fishmongers' part and the food service part. In 2010 the average price was 24,72 £/kg (+5,1% compared with the year before).

Table 16 – Retail prices of fresh natural cod in UK

Value (1000 £)				Volume (tonnes)				Price (£/kg)			
2009	2010	2011	Evolution 2010-2011	2009	2010	2011	Evolution 2010-2011	2009	2010	2011	Evolution 2010-2011
68 002	68 264	69 349	+1,6%	2 890	2 761	2 780	+0,7%	23,53	24,72	24,95	+0,9%

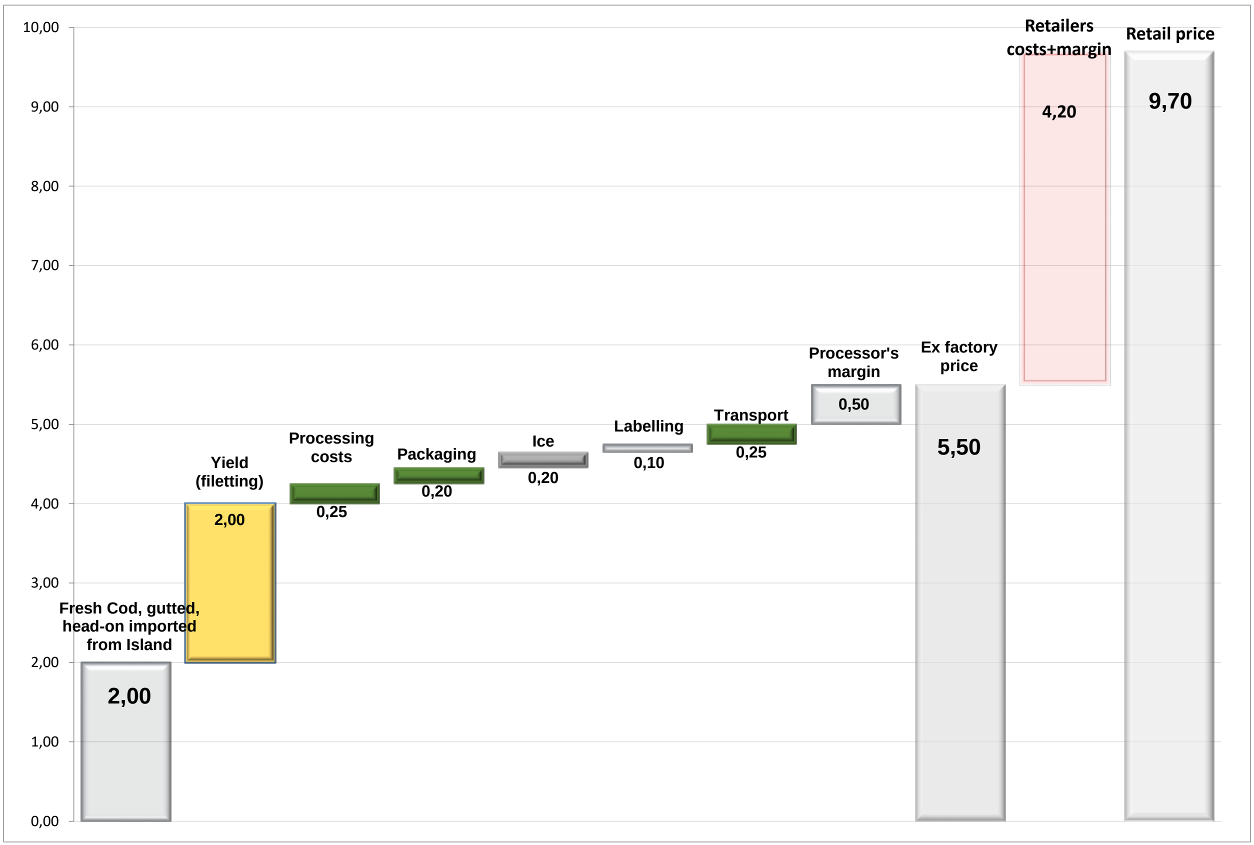
Source:
Elaboration from Seafish data (Interview of R. Watson) – Data to Jan 7th 2012.

4 Price structure analysis

4.1 Price structure in the UK

The price transmission for fresh cod fillet made in Grimsby from fresh whole cod imported from Iceland refers to the market situation and the price conditions in March 2012.

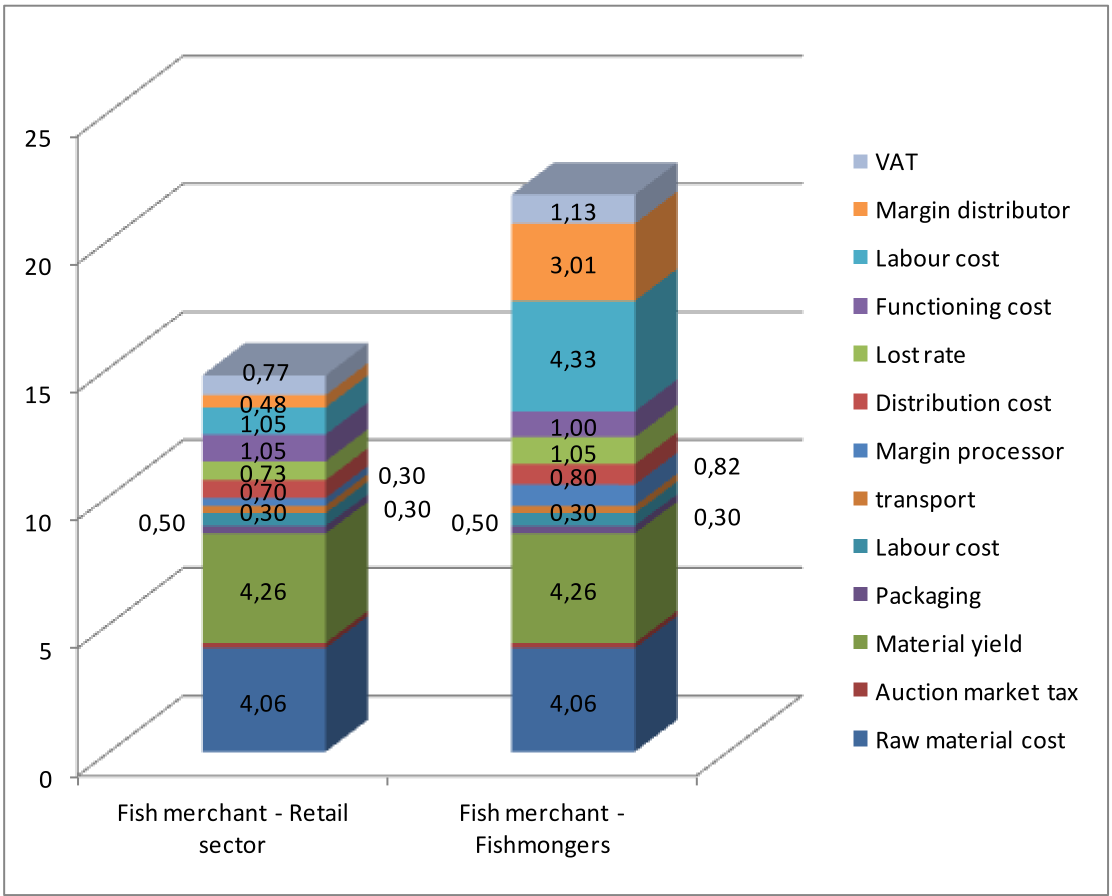
Figure 14 – Price structure for fresh cod fillet in the UK (£/kg)



Source: Elaboration with expert interview at Grimsby market (M. Boyers)
For the processing of fresh cod imported from Iceland gutted and head-on to fresh fillets, Grimsby processors record an average filleting yield of 50%.

4.2 Price structure in France

Figure 15 – Structure of prices in the fresh Cod industry in France (€/kg - 2009)



Wholesale fish merchant (€/kg)				
Raw material cost	**4,06**	*28%*	**4,06**	*19%*
Auction market tax	0,20	*1%*	0,20	*1%*
Material yield	4,26	*29%*	4,26	*20%*
Packaging	0,30	*2%*	0,30	*1%*
Labour cost	0,50	*3%*	0,50	*2%*
Transport	0,30	*2%*	0,30	*1%*
Margin processor	0,30	*2%*	0,82	*4%*
Final price	**9,92**	*67%*	**10,44**	*48%*
	Retail sector (€/kg)		**Fishmongers (€/kg)**	
Raw material cost	**9,92**	*67%*	**10,44**	*48%*
Distribution cost	0,70	*5%*	0,80	*4%*
Lost rate	0,73	*5%*	1,05	*5%*
Functioning cost	1,05	*7%*	1,00	*5%*
Labour cost	1,05	*7%*	4,33	*20%*
Margin distributor	0,48	*3%*	3,01	*14%*
VAT	0,77	*5%*	1,13	*5%*
Final price	**14,70**	*100%*	**21,76**	*100%*

__Source:__ Fresh Cod – France – Prices in € per kg – Price of fresh fish: summing up costs and margins in a competitive context – PROTEIS for the DG MARE (December 2009).

Thanks to figures 14 and 15 the price structure along the supply chain can be compared between UK and France. As our British case refers to the retail sector, it can be compared with the left part of Figure 15. But it has to be taken into account that the two cases do not relate to the same period, which limits the scope of the comparison. Another point to take into account is that French retail price includes VAT (5%) whereas there is no VAT on fish products in UK.

In both member states, the share of packaging and transport in the final price is the same (respectively 2% and 3%).

The raw material cost is 28% of the final price in France and 21% in UK.

The material yield is 29% of the final price in France and 21% in UK.

In France, the labour cost is estimated at 3% of the final price. In UK processing/ice/labelling is estimated at 7% of the final price in the retail sector.

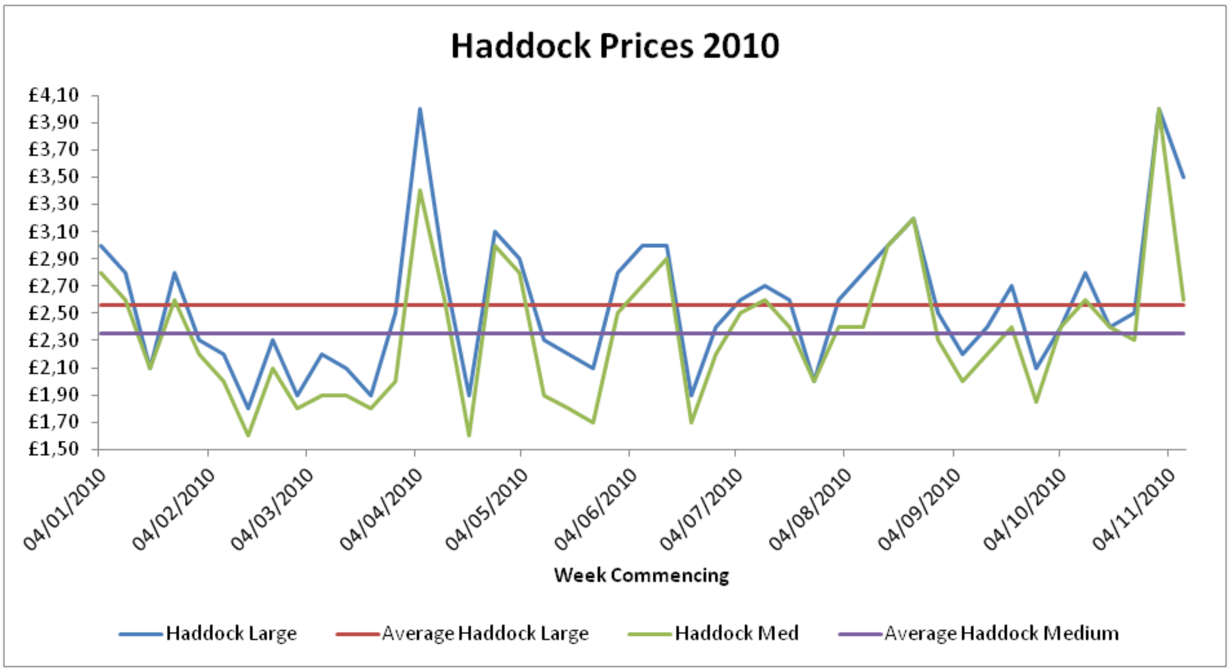
The processor's margin is 2% in France and 5% in UK.

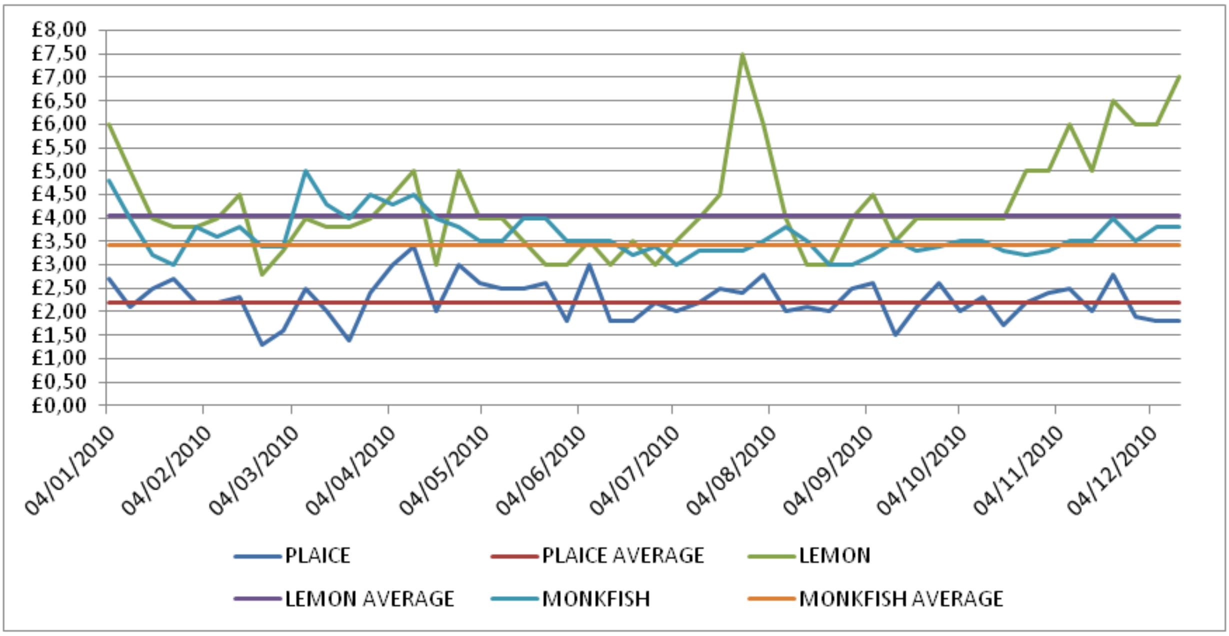
The retailer's costs and margin is 27% of the final price in France and 43% in UK.

5 ANNEXES

5.1 Prices of other fish species

Prices of Fish (other than cod) landed at Grimsby





5.2 Persons met

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- -Karen GALLOWAY
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