

Seafood Industry Factsheet

Cod (2016 Update)

Salmon, tuna and cod dominate the UK seafood market. This factsheet summarises UK imports and exports of cod and cod sales in both retail and foodservice channels.

Cod Trade & Supply

Since the 1970's, the UK has become increasingly reliant on imported fish. In 2015, UK caught cod made up 6% (by value) of the supply of this commercially important species. Traditionally the cod eaten in the UK is Atlantic cod (*Gadus morhua*). Pacific cod (*Gadus macrocephalus*) is also imported and typically used for coated products such as fish fingers and breaded and battered products.

Cod landings

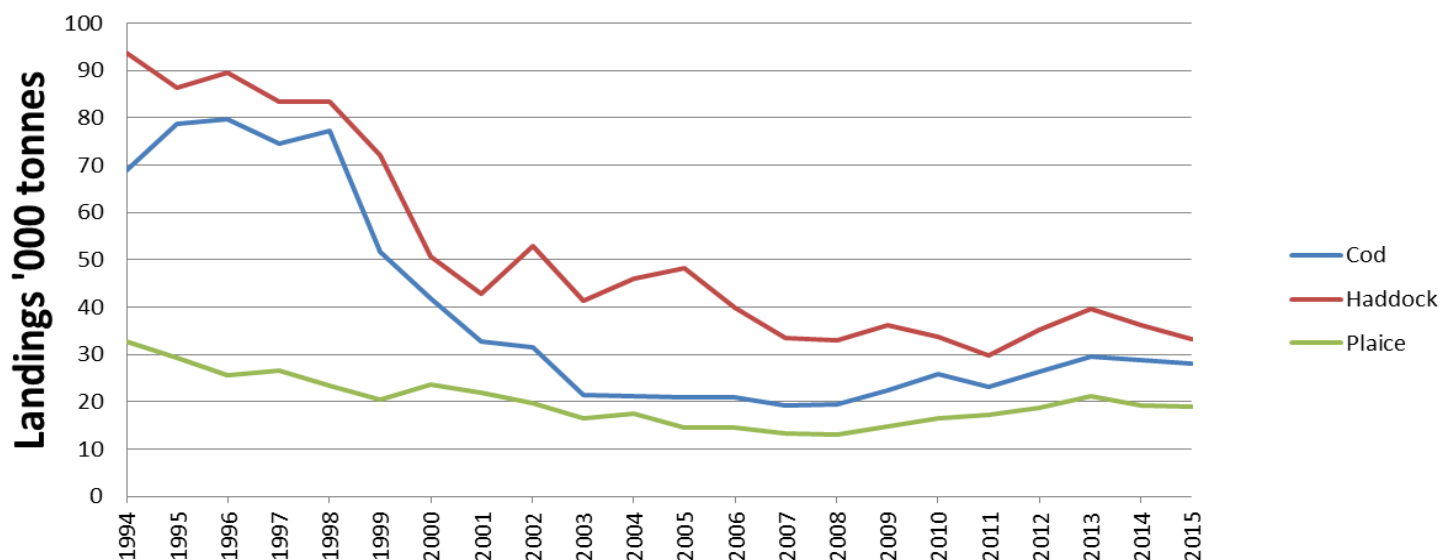
UK vessels continue to land Atlantic cod into the UK, but over the past 50 years (1965-2015) landings have fallen steeply (95%), as a result of political changes such as expansion of the Icelandic exclusive economic zone (EEZ) and warming sea temperatures driving cod stocks further north, out of reach of the UK fleet. In 2015, UK vessels landed 15,353 tonnes (+10%) (live weight) of Atlantic cod, worth

£29.5m (+6%), with an average price of £1.92/kg (-3%) into the UK.

The majority of UK vessels catching cod are over 10m in length and land cod into the Peterhead and Lerwick ports. Cod is typically caught using trawl or demersal gear in the Northern North (IVa) sea grounds. Traditionally, UK vessels have landed the majority of cod into the UK, but from 2012-2014 this trend was briefly reversed, driven by market prices. In 2015, UK vessels landed 12,775 (-14%) tonnes abroad, typically into Holland and Germany.

To put cod into perspective; cod, haddock and plaice are the three main demersal species landed by the UK fleet into the UK and abroad, by weight, accounting for half the quantity of all demersal species landed in 2015.

Landings of Key Species into the UK and Abroad by UK Vessels 2015



MMO: Source: Fisheries Administrations in the UK

Cod Imports

Today, like the majority of seafood we eat, most of our cod is imported. In 2015 around 90% of the UK cod supply came from imports. Around 70% of imported cod is caught in the Barents Sea, with around 15% from Icelandic waters. The overall supply of Atlantic cod is

forecasted to remain about the same in 2016 as that of 2015. ICES report, cod resources in the Barents Sea have been decreasing in recent years. The strong year classes of 2004 and 2005 are dwindling to classes of smaller fish, and the Capelin feed stock is fragile. After several years of

increasing supply from the Barents Sea, the Atlantic cod quota for 2016 was set at 805,000t, down 10% from 2015. Overall, cod prices are already high and are expected to rise by 14-15% in 2016.

In 2015, the UK imported 115,321 tonnes (-0.9% vs 2014) of cod and cod products worth £440m (+7.3%), with an average price of £3.81 (+8.3%); this includes overland

transport and foreign vessels (mainly French) landing directly into the UK.

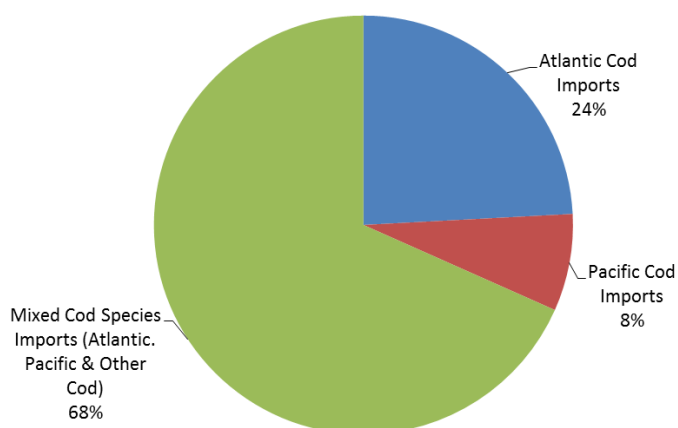
From 2005 to 2015, the amount of imported cod has grown by 11.2%, whilst the value has increased by 24.8%. The largest exporters of cod to the UK are Iceland, Denmark China, Germany and Russia. In 2015, the most common import format was frozen fillets (63%) followed by frozen whole (13%).

Top Five Exporters of Cod to the UK 2015

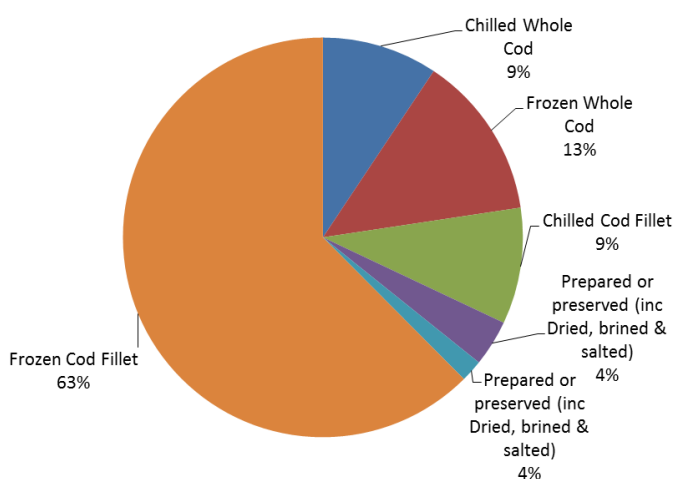
	2015 IMPORTS		% CHANGE vs 14		AVERAGE £/KG	
	VALUE £000'S	VOLUME TONNES	VALUE	VOLUME	£/KG	% CHANGE
Cod Total Imports	£439,891	115,321	7.3%	-0.9%	£3.81	8.3%
Iceland	£159,582	31,079	1.4%	-2.9%	£5.13	4.4%
China	£70,990	22,738	6.7%	-8.0%	£3.12	15.9%
Russia	£43,359	12,826	38.3%	26.7%	£3.38	9.2%
Norway	£38,717	13,088	-7.0%	-16.3%	£2.96	11.1%
Germany	£34,369	8,013	23.6%	17.8%	£4.29	4.9%

(HMRC)

Cod Imports by Species 2015



Cod Imports by Format 2015



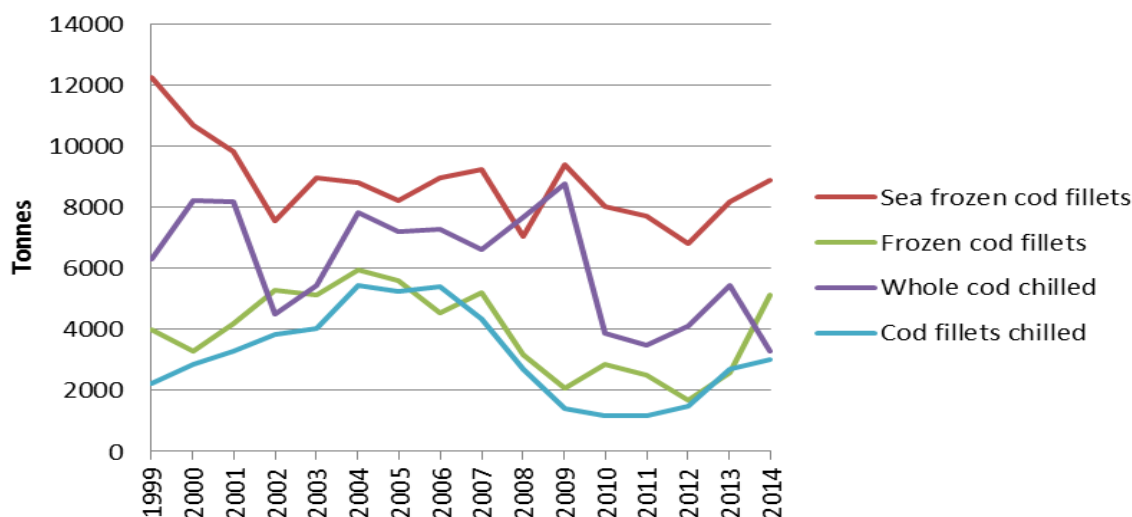
(Source HMRC -Whole may be headed and gutted (H&G) or head on gutted)

Future Supply Trends

Iceland dominates the cod import market, supplying the UK with over double the volume of its nearest current competitor, China. Over the past 10 years frozen at sea cod fillets have been the principal export product from Iceland, volumes remaining stable at around 8,000 tonnes per

year. Over the same period the volume of chilled cod fillets have halved. However, this is set to change driven by the strong demand for chilled, Icelandic fishing companies are reported to be looking to sell freezer vessels and switch to onshore processing with cheaper operating costs.

Icelandic Exports to the UK showing main cod formats 2014



(statice.ie)

Cod Exports

In 2015, the UK exported 15,994 (+3.0%) tonnes of cod and cod products worth £53.1m (+0.8%), with an average price of £3.32/kg (-2.1%). Cod was the fifth most popular export species by volume. The top export countries for cod were Republic of Ireland, France, Germany and Spain.

Summary of UK Cod Imports, Exports and Landings 2015

	2015		% Change vs 2014		Average £/kg	
	Value £000's	Volume Tonnes	Value	Volume	£/kg	% Change
Total Cod Landings*	£29,485	15,353	6.0%	9.7%	£1.92	-3.4%
Scotland	£27,149	13,978	5.0%	8.4%	£1.94	-3.1%
England & Wales	£1,276	2,138	-30.2%	108.2%	£0.60	-66.5%
Northern Ireland	£86	51	-36.3%	-31.1%	£1.69	-7.6%
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Germany	£34,369	8,013	23.6%	17.8%	£4.29	4.9%
Total UK Supply	£469,376	130,674	10.3%	1.2%	£2.87	-13.2%
Total UK Cod Exports	£53,094	15,994	0.8%	3.0%	£3.32	-2.1%
Irish Republic	£15,007	3,880	-7.0%	-12.0%	£3.87	5.6%
France	£13,842	2,793	3.1%	-5.2%	£4.96	8.8%
Germany	£8,005	2,276	-6.0%	3.2%	£3.52	-8.9%
Spain	£3,987	1,694	-39.1%	-35.6%	£2.35	-5.5%
Portugal	£2,341	1,348	47.6%	61.9%	£1.74	-8.8%

*Landings into the UK by UK vessels - Live Weight (MMO)

** Includes foreign vessels landing into the UK - Landed Weight (HMRC)

Cod Consumption

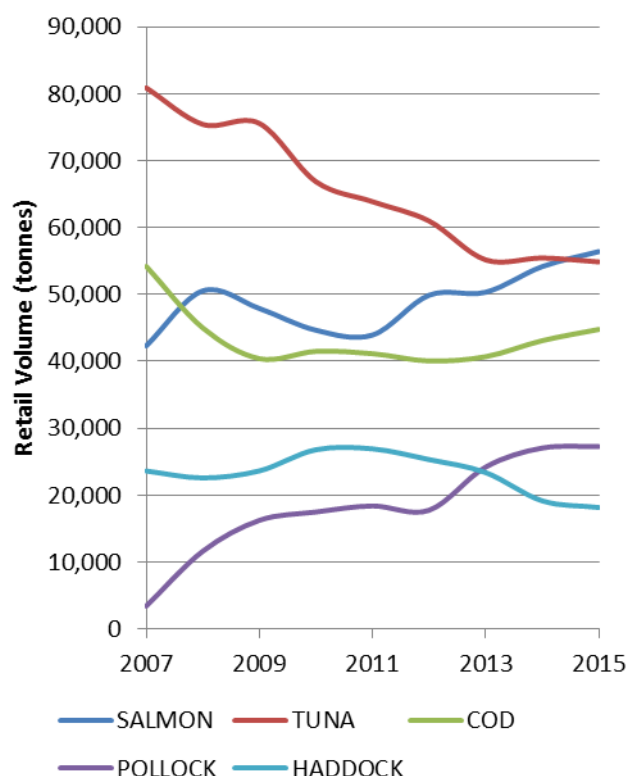
In the UK we eat more cod than any other white fish. It's succulent white flakes, and meaty sweet flavour makes it popular for both cooking at home (retail) and in fish and chip shops, pubs and restaurants (foodservice).

Cod in Retail

Cod consumption in retail has been growing since 2013, as supply eases and prices soften. In 2015, cod total retail sales (excluding discounters) were worth £364m (+2.4%) at 44,887 tonnes (+3.6%), with an average price of £8.10 (-1.1%). Cod was the number one best-selling frozen seafood species, in both volume and value, selling around 36% more than the next being Alaskan pollack. Cod was also ranked as the second most popular species in chilled; and ranked second in total seafood, by value and third by volume.

Cod value sales are split virtually 50/50 between chilled and frozen formats, as ambient cod products are not as popular in the UK as in other European countries. But, by volume, we eat nearly two and a half times more frozen cod as we do chilled. By product type, natural cod takes the largest value share (30%), popular due to its versatility and 'health' moving back up the shoppers agenda; followed by breaded cod and cod fish fingers which offer a delicious, quick and convenient meal solution.

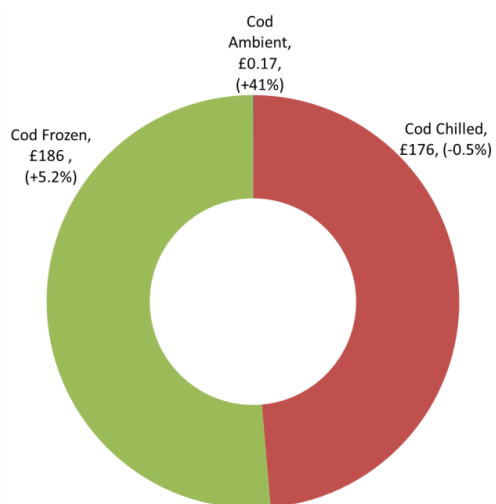
Top Five GB Retail Species 2015 (Total Seafood)



(Nielsen Scantrack)

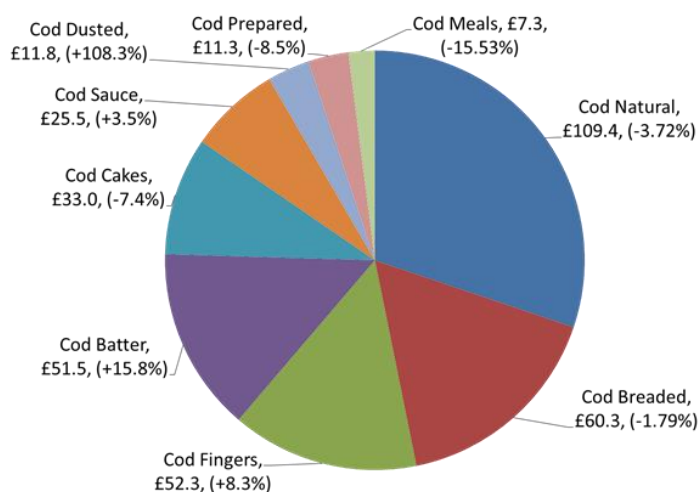
Although starting from a small base, it is dusted products, perceived as a lighter, healthier alternative to breaded and battered showing the strongest growth. (+108.3%) in 2015.

Cod Retail Sales by Sector (£m) 2015



(Nielsen Scantrack)

Cod Retail Sales by Segment (£m) 2015



Cod is also a popular purchase in independent fishmongers, ranked as the third most popular species behind haddock and salmon, worth £7.9m (+8.3%) in 2013 (Kantar World panel).

Cod in Foodservice

In 2015, total GB foodservice was worth £52.2bn (+2.6%), this included 996m out of home seafood servings, estimated to be worth £3.24bn (+1.0%). Cod is by far the most popular species eaten out of home with 145m (+15.4%) servings, nearly 3 times that of the next most popular species, haddock, prawns and salmon.

Cod, performed well across foodservice menus in 2015, featuring in the top 10 of most added new main dishes; but servings are still -3.6% down on 2008 for total cod. In 2015, cod servings were up across all channels except Quick Service Restaurants (excluding fish and chip shops). Traditional fish and chip shops took the largest number of cod servings (+32.8%), closely followed by

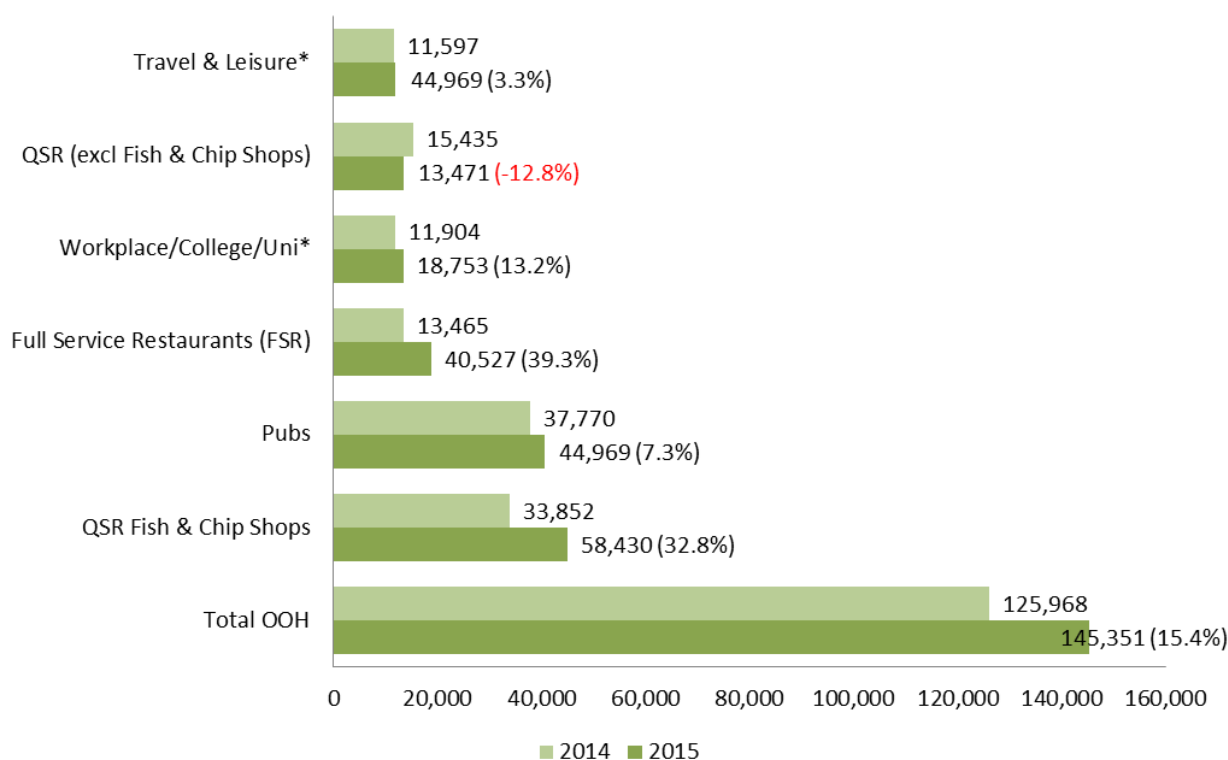
the pub channel (+32.8%), and full service Restaurants (FSR), +39.3%.

Opportunities for cod NPD include following key trends for American, South American and Asian flavours and portable street food formats for the lower priced channels.

Opportunities for half service, pubs and full service channels include the emerging trend for seafood starters. In 2015 small plates 'tasters' and tapas grew menu incidence by 25.1%. The most popular seafood plates were prawn (22%), calamari (9%) and fish (8%). Breaded seafood starters were also in growth, up 7.1%.

Cod is most commonly eaten at dinner or lunch, whilst recent growth has been in snacking and dinner occasions. Most cod is eaten on a Friday and Saturday but Sunday consumption is gaining in popularity. The typical foodservice cod consumer is female, over 50 and affluent.

2015 Cod Servings by Foodservice Channel (M)



(NPD Crest *Low sample size may affect statistical robustness)

Data Sources - (%) values represent change from the previous year unless otherwise stated

- Seafish 2015 Q4 Retail Summary Report
- Seafish Seafood in Foodservice Information Sheet 2015
- Seafish 2015 Q4 Foodservice Report: NPD Crest
- Cod Report 2YE Dec 2015: NPD Crest
- Trade Data HMRC
- Landings: Marine Management Organisation (MMO)
- Kantar World Panel