Seafood Export Profiles

BALTIC STATES

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SECTION 1 MATCHING PROFILE

1.1 THE TRADE ENVIRONMENT

Fast facts	Source: Euromonitor International		
	Lithuania	**Estonia**	**Latvia**
Population	3.39 million	1.34 million	2.27 million
Land area	65,300 sq km	45, 230 sq km	64,600 sq km
Inhabitants per sq km	52	30	36
Number of households	1.4 million	520,000	973,000
Capital	Vilnius	Tallinn	Riga
Other main cities	Kaunas, Klaipeda, Siauliai	Tartu, Pärnu, Narva	Daugavpils, Jelgava, Liepaja
Languages	Lithuanian	Estonian	Latvian
Main religion	Catholicism	Lutheranism	Lutheranism
Currency	Lithuanian Litas	Estonian Kroon	Latvian Lat
Exchange rate (2006 average)	LTL:£ = 5.10	EEK:£ = 23.14	LVL:£ = 1.03
Total GDP (2006)	£16.2 billion	£8.9 billion	£10.9 billion
Real GDP growth rate (2006)	7.5%	11.4%	11.9%
GDP per capita	£4,776.10	£6,655.60	£4,812.59
Inflation growth rate (2006)	3.8%	4.4%	6.6%
Unemployment (2006)	6.9%	5.9%	6.7%
International status	Member of the European Union (EU)	Member of the EU	Member of the EU
Government type	Parliamentary democracy	Parliamentary democracy	Parliamentary democracy
Total food and drink industry imports	£794,232	£514,077	£644,857
Total food and drink industry exports	£851,914	£360,187	£430,438
Top import countries (for food and drink)	Poland, Latvia, Germany	Finland, Latvia, Lithuania	Lithuania, Poland, Estonia

1.1 THE TRADE ENVIRONMENT

- Lithuania's economy is the largest of the three Baltic States. However, Lithuania's GDP per capita is only 45% of the EU average and not much more than one fifth of the UK's. While Vilnius looks, and largely is, a prosperous Western capital, much of rural and provincial Lithuania is still extremely poor, with EU funding only beginning to make an impact. The Russian financial crisis, at the end of 1998, resulted in Lithuania losing 20% of her export market and GDP dropped by 4.1% in 1999. Since then the economy has recovered, mainly due to increases in domestic demand and exports to other EU member states. Sound monetary policy has resulted in one of the highest GDP growth rates in the EU coupled with relatively low inflation. Approximately 50% of Lithuanian exports go to the EU. Around 20% go to the countries of the former Soviet Union. Lithuania has the highest rate of migration in the EU, mainly to the UK and the Republic of Ireland.
- Of all the former Soviet Union countries, Estonia has made the most progress in building a liberal market economy. It has successfully attracted foreign investment and refocused its trade from East to West. Privatisation has largely been completed, its banking system is healthy and entry into the EU has boosted economic growth. Approximately 68% of the population are Estonian, 26% Russian, 2% Ukrainian, 1% Belarusian and 1% Finnish.
- The Latvian macro-economic policy has been a success particularly in terms of growth. The Lat remains strong and stable and has been pegged to the Euro since 2005. Latvia has stuck to the path of economic reform. Privatisation moved at a steady pace until 1998 when political disputes held up the sale of the remaining large state-owned enterprises (shipping, telecoms and electricity). These remain in state hands. Spurred by the 1998 Russian economic crisis, trade has steadily been reoriented to the West. Since joining the EU in 2004, Latvia's trade with EU partners has doubled and now accounts for 75% of Latvia's total trade. The UK, Germany, Lithuania and Sweden are now the biggest markets for Latvian goods.

1.2 THE SEAFOOD SECTOR

Lithuania

- Most seafood catches are carried out in the South East Atlantic and the Baltic Sea. Official statistics provide data on catches by species in the Baltic Sea and the Curonian Lagoon. In 2005, the majority of catches, by volume, in the Baltic Sea were accounted for by sprat (64%) and cod (22%).

Table 1: Total Lithuanian catch, 2001-2005 (tonnes, live weight)

	2001	2002	2003	2004	2005
Total	**153,931**	**151,932**	**159,408**	**160,839**	**142,045**
North West Atlantic	7,596	10,946	11,670	8,644	5,321
North East Atlantic	21,357	22,100	17,767	7,410	4,327
South East Atlantic	111,100	106,434	111,567	118,997	78,250
Baltic Sea	10,024	8,591	9,411	12,625	13,547
Curonian Lagoon	1,096	1,313	1,292	1,237	1,168
Inland waters	353	398	365	358	379
Pond farms	2,001	1,750	2,348	2,697	2,014
Recreational catch	404	400	302	174	250

Table 2: Total Lithuanian catch in the Baltic Sea, 2001-2005 (tonnes, live weight)

	2001	2002	2003	2004	2005
Total in Baltic Sea	**10,024**	**8,591**	**9,411**	**12,625**	**13,547**
Sprat	3,135	2,800	3,043	6,185	8,635
Cod	3,852	2,964	2,894	3,382	2,993
Flounder	1,137	1,081	1,103	901	949
Baltic herring	1,639	1,537	2,098	1,845	748
Other fish	261	209	273	312	222

Source: Lithuanian Statistical Office

1.2 THE SEAFOOD SECTOR

Table 3: Total Lithuanian catch, in the Curonian Lagoon, 2001-2005 (tonnes, live weight)

	2001	2002	2003	2004	2005
Total in Curonian Lagoon	**1,257.8**	**1,095.6**	**1,313.0**	**1,291.6**	**1,236.6**
Stickleback	21.9	17.7	5.5	3.5	2.6
Perch	46.1	44.7	45.8	39.7	41.6
Crucian carp	17.2	12.3	14.7	13.5	14.8
Bream	388.1	379.7	422.9	37.0	387.9
European roach	465.5	374.0	516.7	585.5	506.2
Northen pike	11.1	6.6	8.3	9.2	7.3
Chekhon	7.6	12.1	4.0	6.2	8.9
Twaite shad	0.4	0.1	0.1	0.3	1.3
Silver bream	3.8	8.7	9.5	16.2	41.5
Ruff	96.3	61.4	30.7	8.7	3.5
Asp	4.9	3.8	8.4	9.7	6.0
European whitefish	0.5	0.7	0.6	0.5	0.3
Pike perch	70.1	79.4	106.6	108.1	109.2
Sparling	57.1	33.9	51.8	40.0	27.4
Baltic herring	-	1.5	1.8	4.6	0.6
European eel	8.1	9.1	10.4	9.7	9.7
Burbot	10.1	7.8	12.5	10.1	6.3
Vimba	47.9	39.9	59.3	52.8	54.9
Other fish	1.0	2.3	3.3	4.1	6.6

Source: Lithuanian Statistical Office

- Lithuanian territorial waters and the economic zone of the Baltic Sea make up an area of 7,000 sq km. Other waters include the Curonian Lagoon (413 sq km), lakes (87,359 hectares), ponds (24,434 hectares) and rivers (total area: 32,601 hectares). Inland waters account for 4% of the country's territory.

- The majority of Lithuanian fishing vessels were built 20-30 years ago. 67 Lithuanian fishing vessels operated in the Baltic Sea in 2005, including small trawlers, medium-size Black Sea seiners, fishing boats and trawlers. Vessel lengths are generally 20 to 30m, with a capacity of 100 to 200 Gross Register Tonnage (GRT). 18 deep sea vessels under the Lithuanian flag operated in other seas/oceans. Fishing in the coastal waters of the Baltic Sea, the Curonian Lagoon and inland waters is usually undertaken in small powered boats and row-boats.

- Klaipėda, Lithuania's only commercial port, is situated where the Curonian Lagoon meets the open sea. The second largest port in Sventoji is under reconstruction. Future plans are for it to serve tourist, not industrial, purposes. Some foreign vessels, mostly Russian, also land their catches in Klaipėda.

Table 4: Key ports in Lithuania

Rank	Name	Type of commodities handled	Storage (= maximum food storage capacity at the port)	Maximum size of vessel	Specialised facilities
1	Klaipėda www.portofklaipeda.lt/en.php	Multipurpose, universal, deep water port	Covered storage: 160,628 sq m. Dry cargo storage:368,000 tonnes Refrigerated storage:45,500 sq m. Annual cargo handling capacity.: 40m tonnes.	Dry cargo vessels up to 70,000 DWT*, tankers up to 100,000 DWT*. * Deadweight tonnage	19 big stevedoring firms, ship repair and ship building yards operate at the port.
2	Sventoji	Lithuania's government approved the development of the port in 2006.		Small and middle-sized ships (the restored seaport will serve fish breeding vessels, oil-collecting vessels coast guard ships, etc).	Initial fish processing.

- A major part of domestic production is accounted for by surimi products (crab sticks and fish fingers), together with frozen fish which is then exported. Other product types – salted, smoked, dried fish and culinary fish products – are mostly supplied to the Lithuanian market.

- In 2005, Lithuania recorded strong increases in the production of dried/salted/smoked fish and fish in brine; prepared/preserved fish products have also delivered a positive performance. This reflects a structural change in production towards higher added value products for export. Due to an expanding demand for fish preserves, processors have introduced a number of innovative preserved products to the market.

1.2 THE SEAFOOD SECTOR

Latvia

- In 2006, 60% of fish catches by domestic companies was in the Baltic Sea, with another 38% in the East Central Atlantic. By species, 40% was sprat, 16% European pilchard, various sardinella, 16% Baltic herring, 12% Atlantic horse mackerel, 3% cod and 13% other species.

Table 5: Total Latvian catch (000s tonnes, live weight)

	2003	2004	2005	2006
Total	**115.2**	**125.9**	**151.3**	**138.5**
Fish	**111.4**	**122.7**	**149.0**	**136.9**
Atlantic horse mackerel	8.7	13.8	25.7	17.2
European pilchard, various sardinella	8.7	7.0	15.3	22.6
Atlantic mackerel	10.5	9.0	4.6	3.6
Atlantic redfishes	1.3	1.1	1.0	1.5
Sprat	41.7	52.4	64.6	54.6
Baltic herring	24.2	23.6	22.2	21.8
Cod	4.6	5.0	4.0	4.6
Other fish	11.7	10.8	11.6	11.0
Crustaceans	**3.8**	**3.2**	**2.5**	**1.6**

Source: Central Statistical Bureau of Latvia

1.2 THE SEAFOOD SECTOR

- The Latvian fishing industry is struggling with two main problems: the aging fishing fleet and the fact that Latvian fishermen are increasingly turning to fishing in foreign waters.

- There are 60 companies involved in the fishing business in Latvia. According to estimates, by 2013 the number of fishing companies will decrease by 50% to some 30 companies that will have bigger fishing quotas, but old vessels. The average service life of fishing boats in Latvia is 27 years, expected to grow to 32 years by 2013.

- At the time of the EU accession, there were 106 approved fish processing companies in Latvia, however, only a few of them complied with EU quality requirements. Most of the firms that survived are exporting their production to more than 60 countries, but a major part of raw material is imported from more than 70 countries.

Table 6: Fish production in Latvia, (tonnes, product weight)

	Total	Fresh, chilled, frozen fish	Fresh or frozen fillets	Dried, salted, smoked, or in brine	Prepared or canned	Other
1999	142,653	61,648	1,080	6,625	70,319	2,981
2000	147,440	73,929	1,210	2,598	66,600	3,103
2001	160,884	64,666	2,200	2,316	88,700	3,002
2002	155,732	65,039	2,527	3,020	82,996	2,150
2003	152,571	80,302	2,786	4,543	61,102	3,838
2004	166,502	95,580	3,458	7,592	56,813	3,059

Source: Fishery Marketing and Information Centre

Table 7: Percentage share of imports in domestic seafood sales in Latvia

2001	2002	2003	2004	2005	2006
30%	29%	25%	22%	21%	18%

Source: Latvian Fisheries Marketing and Information Centre

1.2 THE SEAFOOD SECTOR

Estonia

- In recent years domestic fish catches stabilised between 100,000 and 120,000 tonnes (live weight) annually. In 2006, they reached approximately 105,000 tonnes.

- Including processed/preserved fish, total seafood sales in Estonia in the retail channel have averaged around 30,000 tonnes annually over the past few years, corresponding to the value of £42 million.

- According to statistical data, in the mass grocery sector 289 different fish and seafood products were available in 2006, 25% of which are imported.

1.3 CONSUMER TRENDS

Lithuania

- According to the Fisheries Department of the Ministry of Agriculture, Lithuanians consumed 14 kg of seafood per capita in 2006.

Table 8: Sales of domestically produced fish and seafood in Lithuania, 2004-2006 (tonnes, product weight)

	2005	2006	% Chg
Fresh or chilled fish/fillets	130	179	38%
Frozen fish	4,275	2,956	-31%
Dried/smoked/salted/in brine fish	9,466	9,249	-2%
Prepared or preserved fish	15,758	10,584	-33%
Crustaceans, molluscs, aquatic	427	326	-24%
Total	30,056	23,293	-23%

Source: Lithuanian Statistical Office

- The decline registered in the domestically-produced seafood market has meant that imports of seafood products have shown positive signs of growth, led by the retailers' need to meet a growing internal demand, especially in the segment of exotic species.

- According to trade sources, the most popular seafood species in Lithuania are, in descending order: cod, hake, carp, canned tuna, salmon, mackerel, herring, sprat, turbot and scorpion fish. In addition, a number of value-added fish preserves (with sauces, fruit, vegetables and nuts) have recently been introduced to the market and met with great success.

- Usually, Lithuanians consume seafood smoked, canned or fried. Herring, canned tuna, mackerel and salmon are the most popular varieties for salad dishes, while fish-based sandwiches are not common. Seafood is also one of the favourites in canteens at lunchtime.

Latvia

- According to estimates from the Latvian Fisheries Marketing and Information Centre consumption of seafood (bought in retail and catering outlets) was around 22 kg per head in 2006, slightly down compared to previous years.

- The most popular seafood species in the domestic market (in order of popularity) are: sprat, cod, carp, hake, trout, salmon, mackerel, brill, squid, shrimps, pike and sturgeon.

- The Latvian favourite presentations of seafood products (in order of popularity) are:

  - fresh/chilled fish;
  - frozen fish; and
  - canned fish.

1.3 CONSUMER TRENDS

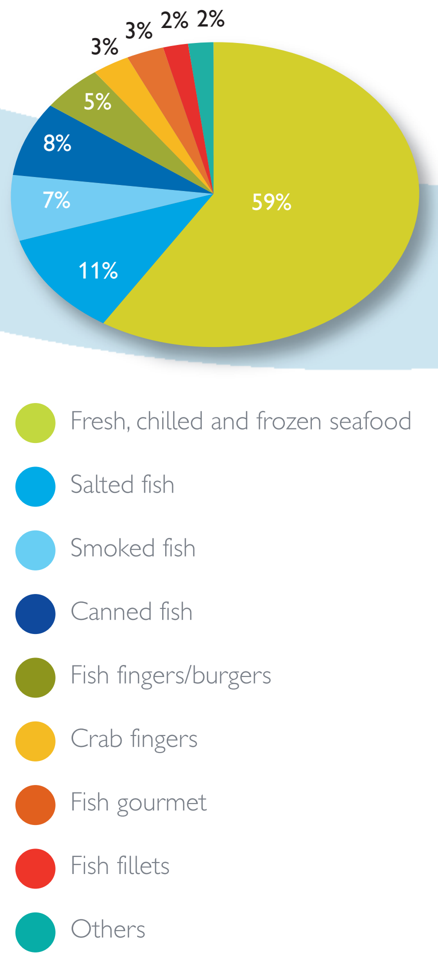
Estonia

- Seafood consumption has a long tradition in the Estonian culture. Estonian seafood and seafood product consumption amounts to 16-17 kg per capita per annum, to which another 1.6-1.8kg consumption per head, from hobby anglers' own catches, should be added.

- According to the Estonian Consumer Association, 57% of Estonians consume fish at least once a week, 26% at least once every second week and less than 1% do not consume fish at all.

- Fish prices are still 35-40% lower than those of meat products. Nevertheless, even the price of fish has increased by 70% in the past six to seven years. More premium and therefore expensive types of seafood such as crab, mussels, tropical fish and octopus are mainly consumed by the population living around the capital, due to higher incomes.

Chart 1: Fish consumption by type in Estonia, 2006



- Baltic herring is considered to be the 'national fish' and it is included in several traditional Estonian meals. Other popular species include Atlantic herring, Baltic sprat, salmon, rainbow fish, cod, eel, trout, redfish and pike.

1.4 UK SHARE AND EXPORT OPPORTUNITIES

Lithuania

- Lithuania is a net importer of fish. Fish imports consist mainly of unprocessed fish, which meet the requirements of the local fish processing industry. On the other hand, value added products such as crabsticks, fish fingers, ready-prepared herring, sprat preserves, frozen fish and fish fillets, account for a major share of seafood exports.

- Imports of fresh/chilled fish increased at a considerable rate in 2006, reaching £15.6 million (+44%), at the expense of frozen fish. Fresh, chilled or frozen fish fillets accounted for 43% of total imports in 2006, frozen fish for 24%, fresh or chilled raw fish for 17% and live fish and all forms of other seafood (crustaceans, molluscs, etc) for 16%. A negligible part was represented by dried/smoked/salted fish.

- Norway, Iceland and Kazakhstan have traditionally been the main exporters of seafood to Lithuania, with the UK occupying the 19th position in the rank of exporters of fish by value. With total fish imports achieving £78.6 million in 2006, the UK accounted for nearly 1% of the total amount. In particular, the UK exports were represented by frozen fish (excluding fish fillets and other fish meat of heading 0304).

- Given the domestic demand of local manufacturers for imported raw fish for further processing and export, UK exporters are advised to target the industrial channel in Lithuania. It is worth noting that around 75% of raw material for value adding is in fact imported. Key requirements when supplying processors in Lithuania are quality, price, reliability of the supplier and regularity of supply. Interviews with key producers have been carried out and the results are outlined here.

  - Makvela: The company imports 100% of the raw material it uses for fish processing. The most popular imported fish species are salmon and mackerel, followed by herring, squid tentacles and other oil rich fish. Web: www.makvela.lt

  - Norvelita: Importing 100% of their raw material, they are not currently dealing with any UK supplier, but identified potential for raw, fresh salmon, mackerel and cod. Web: www.norvelita.lt

- According to key retailers (including the market leader Maxima), retail sales of seafood and seafood products are also on the rise, in particular in the segment of exotic and innovative seafood offerings. Approaching the Lithuanian retail sector can therefore represent another attractive business opportunity for UK exporters (please see page 16 for retailers' websites):

  - Maxima: Buyers at the Lithuanian key retailer have identified potential in the categories of salmon, cod, trout, mackerel and exotic species (especially chilled).

  - Rimi: According to sources inside the Rimi trade, species offering the best opportunities for UK suppliers are salmon, smoked mackerel, frozen shrimps and exotic varieties such as sturgeon (gutted and chilled in ice).

1.4 UK SHARE AND EXPORT OPPORTUNITIES

Latvia

- Imports of fresh, chilled or frozen fish (including fillets) are increasing significantly. The growth rate in this category amounted to 16% in 2006 in volume terms (reaching 29,922 tonnes) and 21% in local currency value.

Table 9: Principal fish imports into Latvia , tonnes

	2004	2005	2006	% Chg
Fish, fresh, chilled or frozen (including fillets)	21,919	25,842	29,922	16%

- In 2006, export volume of fresh, chilled or frozen fish and fillets increased by 10% to achieve 38,001 tonnes.

- The top five importers of fish and seafood to Latvia in 2006 were Lithuania, Denmark, Estonia, Iceland and the UK, followed by Argentina and Russia. Germany is also a key exporter of prepared and canned fish.

Estonia

- Traditionally, Estonia mainly produces and exports seafood. The amount of seafood and seafood products exported are approximately three times the country's imports. The majority of Estonian seafood processing businesses have 60-90% of their output directed to export markets, meaning that a significant part of imported seafood is processed in Estonia and then re-exported, mainly to Russia and the Ukraine.

- In 2006, Estonia exported 118,611 tonnes of seafood, corresponding to the value of £71 million. Fish and seafood imports accounted for 35,783 tonnes, worth £43 million. The market for imported fish is fairly fragmented, with several countries exporting small quantities to Estonia. Norway and Russia, the two key suppliers, mainly provide chilled fish and fish fillets. The Netherlands and Sweden ship frozen fish while Lithuania and Latvia are the most important canned fish suppliers.

- It should be noted that the amount of fish imported from Finland is not usually registered by the Estonian Customs Office, since several Estonian fish processors are Estonian-Finnish joint ventures and the raw material of Finnish origin (rainbow fish, Baltic herring) is considered 'domestic' fish.

1.4 UK SHARE AND EXPORT OPPORTUNITIES

Table 10: Estonian imports and exports of seafood, 2006

		Export		Import	
Customs code	Group	Weight (tonnes)	Value (£)	Weight (tonnes)	Value (£)
301	Live fish	28	157,675	2	15,641
302	Chilled fish	2,099	2,621,262	4227	9,742,268
303	Frozen fish	54,132	11,158,427	13,151	6,164,724
304	Fish fillet	5,629	23,381,544	6,410	10,896,682
305	Dehydrated, marinated, salted, smoked	2,664	1,766,862	463	1,341,806
306	Crustaceans	7,185	7,838,482	4,588	6,301,358
307	Molluscs	2	1,524	332	266,027
1604	Canned fish	46,370	22,403,220	6,356	7,718,179
1605	Canned crustaceans	502	1,665,634	254	847,813
Total		**118,611**	**70,994,641**	**35,783**	**43,294,503**

Source: Custom Office of Estonia

Table 11: Opportunity matrix by species

Species	Potential in Retail channel	Potential in Foodservice channel
Salmon	H	H
Mackerel	H	H-M
Cod	H-M	H-M
Trout	M-L	M
Greenland halibut	L	L
Yellowfin tuna	L	L
Eel	H-M	L
Shrimp and other shellfish	L	H-M
Herring and other oil-rich fish	H-M	L
Squid tentacles	H-M	L

- Despite some drawbacks (including a small market, processors preferring domestic raw materials and increasing transportation costs), the Estonian market could be rewarding for UK exporters. According to trade sources, both processors and importers are interested in buying seafood from UK suppliers. In particular, joint ventures and partnerships are sought in order to address cost issues.

SECTION 2 DOING BUSINESS PROFILE

2.1 THE SUPPLY STRUCTURE

Lithuania

- The main raw seafood importers are large processors importing raw fish for further processing purposes, while the main processed seafood importers are large retail chains. A direct approach is the recommended route to the market for UK suppliers.

Latvia

- Requirements of large retailers towards seafood suppliers (in order of importance) include: timely deliveries, high quality and affordable prices.

- However, fish buyers at large retailers are generally not too enthusiastic about purchasing seafood from the UK as seafood traditionally imported from other countries has already been meeting the domestic demand.

Estonia

- In 2006, there were 95 companies active in the seafood market in Estonia. The number of businesses is decreasing as smaller firms are closing down due to increasing competition, or are being taken over. Most processing businesses are located on the shore of the Baltic Sea. Harbours and other logistical services have gone through a rapid development in the past few years and continuous improvements are achieving the goal of providing modern logistical solutions for trading activities in the region.

- Larger processors usually import directly from foreign exporters for further processing purposes, while the retail and the catering channels are mostly supplied by importers/wholesalers.

- Due to the increasing competition and the continuously increasing labour costs (+ 6% annually), the price of raw material is of paramount importance to seafood suppliers. The quality and the maintenance of quality are key requirements. In the opinion of seafood importers/wholesalers, the availability of a wide assortment of non-domestic seafood species is also crucial. In the case of packed products, an eye-catching appearance is considered to be important.

2.2 THE RETAIL CHANNEL

Lithuania

- The four main retailers control over two-thirds of the total retail sector, with even higher market share in food retail. Maxima (VP Market) and Rimi also developed the large hypermarkets concept in Lithuania, while IKI has opened a number of neighbourhood supermarkets and smaller stores offering convenience products at low prices.

- Lithuania's leading retailers also control a substantial part of the Latvian market. They are expanding rapidly in Estonia and are making in-roads into other fast-developing Eastern European markets.

Top 4 mainstream retail chains in Lithuania, 2006

Maxima

Market share and turnover	45%; £800 million
Number of stores	Lithuania: 200 Latvia: 113 Estonia: 39 Bulgaria: 17
Store type	Hypermarkets Supermarkets Neighbourhood stores Cash and carry
Product range	Despite not being part of a buying alliance, Maxima offers private label goods across 9,700 Stock Keeping Units (SKU). Approximately 15% of total sales are generated by these private label goods.
Best practices	The company is seeking to broaden its customer offer into banking and insurance to capitalise on growing consumer spend.
Web	www.vpmarket.lt www.maxima.lt

IKI

Market share and turnover	21%; £333 million
Number of stores	86 IKI supermarkets. 16 IKIUKAS convenience stores. 76 LEADER PRICE discount stores. 6 IKI supermarkets in Latvia. 17 LEADER PRICE discount stores in Latvia (as of March 2007).
Store type	Owned by Palink.
Product range	The range of food and industrial goods includes over 43,000 items. IKI prides itself on its IKI Gurmanai (Gourmet) upmarket private label range. The range is currently in 14 categories with plans to expand into new categories.
Best practices	Stores are open 364 days a year and are closed only on 1 January.
Web	www.iki.lt

Norfa

Market share and turnover	17%; £270 million
Number of stores	111 stores.
Store type	Five different store formats ranging from 5,000 sq m hypermarkets to 200 sq m convenience stores.
Product range	The range of food and industrial goods includes over 43,000 items.
Best practices	The company benefits from a very popular customer loyalty programme. Approximately 540,000 people hold a Norfa discount card.
Web	www.norfa.lt

CSC Rimi

Market share and turnover	8%; £134 million.
Number of stores	55 stores. Owned by ICA/Ahold Sweden.
Store type	Hypermarkets Supermarkets Hard discounters
Product range	Strong focus on staple items and Euroshopper private label goods sourced directly from the AMS buying alliance.
Best practices	Rimi continues to channel growth through its Supernetto discount format.
Web	www.rimibaltic.com

Latvia

- Currently, there are around 6,500 retail shops in Latvia, and the number of retail outlets per 1,000 people is 2.8. Over the past five years, the number of shops has declined, while the total retail space has increased by 36%.
- Despite this development, the Latvian retail market has the lowest degree of concentration among the Baltic States, with traditional formats (small food shops, local marketplaces and kiosks) accounting for around 40% of total food retails sales. However, the share of supermarkets and hypermarkets is on the rise (currently at 60%). Imported food items hold a significant position within the selection of supermarkets and hypermarkets.

Top 4 mainstream retail chains in Latvia, 2006

	Maxima	Rimi Latvia	Elvi	Nelda
Market share and turnover	22%; £296 million	22%; £296 million	6%; £76 million	4%; £52m
Number of stores	Lithuania: 200 Latvia: 113 Estonia: 39 Bulgaria: 17	90 stores Owned by ICA/Ahold Sweden.	71 stores. All Elvi stores are franchised from the Elvi Group which is privately owned.	17 stores.
Store type	Hypermarkets Supermarkets Neighbourhood stores Cash and carry	Hypermarkets Supermarkets Hard discounters	Supermarkets	Supermarkets
Product range	Despite not being part of a buying alliance, Maxima offers private label goods across 9,700 SKU's. Approximately 15% of total sales are generated by these private label goods.	Strong focus on staple items and Euroshopper private label goods sourced directly from the AMS buying alliance.	Strong focus on staple items and Euroshopper private label goods sourced directly from the AMS buying alliance.	Nelda stores support 'Green Spoon' products. These are products that are produced in Latvia.
Best practices	The company is seeking to broaden its customer offer into banking and insurance to capitalise on growing consumer spend.	Store space is divided into different coloured zones so that customers can easily guide themselves around the store and associate different product categories with different zones.	Elvi's locally adapted store format and merchandising strategy aims to cater for the Latvian population. In May 2005, Elvi was named the 'Baltic Brand of the Year'.	In recent years has invested into the refurbishment of its store portfolio by adding a greater assortment of non-food goods.
Web	www.vpmarket.lv www.maxima.lv	www.rimibaltic.com	www.elvi.lv	www.nelda.lv

2.2 THE RETAIL CHANNEL

Estonia

- The Estonian retail structure is highly developed, with 70% of food sales taking place in modern retail formats, of which around 18% are hypermarkets, 30% supermarkets and over 20% discount chains. Compared to the Western retail scene, the only difference is the presence of traditional formats such as open or covered markets or kiosks. However, these outlets are gradually losing ground.

- Although the retail concentration has not reached the degree of the Lithuanian market yet, Estonia is catching up: the total number of retail outlets has fallen by around a quarter in the past five years.

Top 5 retailers in Estonia

ETK Group

Market share and turnover	22%; £241 million
Number of stores	450 stores. Largest store portfolio in Estonian retail. Comprises 22 local consumers` co-operatives, bringing together over 60,000 owners.
Store type	Hypermarkets Supermarkets Convenience stores
Product range	ETK's Säästu private label was launched in May 2005.
Best practices	1. Strengthening the co-operation between chains and co-operatives 2. Intensifying information and commodity flows 3. Increasing efficiency 4. Using information more effectively 5. Developing best practice strategies.
Web	www.etk.ee

Rimi Eesti Food

Market share and turnover	21%; £239 million
Number of stores	63 stores.
Store type	Hypermarkets Supermarkets Discount stores
Product range	Focus on quality and freshness.
Best practices	A Rimi Hypermarket contains around 40,000 SKU's and offers a strong fresh food offer combined with non-food.
Web	www.rimi.ee

Selver

Market share and turnover	12%; £128 million
Number of stores	21 stores. Subsidiary of AS Tallinna Kaubamaja.
Store type	Hypermarkets Supermarkets
Product range	Strong focus on convenience goods.
Best practices	In recent years, Selver has stepped up its marketing activity focusing on new customer loyalty programmes and driving awareness of the Köök private label brand.
Web	www.selver.ee

Maxima

Market share and turnover	8%; £84 million
Number of stores	39 stores.
Store type	Supermarkets
Product range	Quality products at competitive prices.
Best practices	In 2006, the group took the decision to convert all its existing stores into the Maxima X brand, as it attempted to roll-out the Maxima X, XX and XXX chains across all three of the Baltic States.
Web	www.maxima.ee

2.3 THE FOODSERVICE CHANNEL

Lithuania

- The catering sector in Lithuania is expanding dynamically, mainly driven by the increase in tourist affluence and changing consumer habits towards out-of-home consumption.

- Trade sources have indicated that the hotel, restaurant and catering (HoReCa) sector in Lithuania is mainly supplied by local fish processors and no specialised catering distributors dealing with seafood products exist.

Table 12: Turnover of catering and trade enterprises in Lithuania, £.

	2002	2003	2004	2005
Catering enterprises turnover, £ millions	84.3	99.3	115.1	148.6
Catering enterprises turnover per capita, £	24.3	28.6	33.5	43.5
Number of catering units per 1,000 head	**0.2**	**0.2**	**0.2**	**0.2**

All figures exclude VAT
Source: Lithuanian Statistical Office

Latvia

Table 13: Retail and catering seafood sales by volume in Latvia, tonnes

	2003	2004	2005	2006
Retail sales	27,873	25,987	24,141	22,695
Catering sales	27,196	26,981	26,394	27,658
Total	55,069	52,968	50,535	50,353

*including all seafood, raw fresh/chilled/frozen and processed products.
Source: Latvian Fisheries Marketing and Information Centre
Please note that due to difficulty in gathering accurate catering data, there may be some variance in the sector figures.

- Catering is still a rather small sector, currently accounting for a 10% share in total food sales volume (including commercial and public catering). However, it is expanding due to the recent tourism boom.

- Restaurants are generally visited by high/middle income groups. The majority of domestic customers still prefer a family-style menu of traditional Latvian food. Currently, only a few chain restaurants are present in the marketplace.

- 60% of catering firms buy their seafood supply directly from producers/processors, while 40% of them buy from importers/distributors. The leading importers/distributors to the catering sector are:
  - Reaton
    Web: www.reaton.lv
  - Avers Centrs
    Web: www.averscentrs.lv/?lang=en
  - Unifex
    Web: www.unifeks.lv

2.3 THE FOODSERVICE CHANNEL

Estonia

- Catering accounts for an estimated 11-12% share in food sales. This is somewhat higher than in the other Baltic states, due to growing tourism and business catering (conferences), as well as the presence and popularity of many commercial catering outlets offering cheap – mainly traditional Estonian – warm food for working people during working hours.

- Seafood consumption is about 35% less than consumption of red meat. However, seafood is widely and often available in the HoReCa sector.

- Due to the size of the Estonian market, there are no specialised suppliers of the foodservice channel. Catering firms and restaurants purchase their products either directly from seafood processing companies or from importers/wholesalers. These supply both the retail and catering sectors.

- Trout fishing is very common in Estonia. There are several restaurants and pubs located near the water, where individuals can catch their own fish and the restaurant will prepare it for them. These practices are very popular among families especially in the summer season.

2.4 KEY REGULATIONS AND TARIFFS

Labelling

- All seafood imports entering the Baltic States are subject to EU food labelling regulations.

- EU legislation requires that all food, including seafood, must have a label that includes the name under which the product is sold, the list of ingredients (in descending order of weight), net quantity of pre-packed food ingredients in metric units, date of minimum durability (except for fresh produce), allergen information, any special storage conditions or conditions of use (except for fresh produce), and the name of the manufacturer, packer or EU seller (except for non-packed fresh produce). Furthermore, EU regulation 2065/2001 specifically outlines labelling requirements for fishery and aquaculture products.

- All labelling must be translated into the language of the member state with the date of production clearly stated.

- All products offered for retail sale in the EU must be properly labelled with the following information:
  1. Species commercial name;
  2. Production method used: 'caught in...' for wild fish, 'farmed' or 'cultivated', for aquaculture products;
  3. Catch area must be listed for:

- Products caught at sea a reference to areas (FAO zones).

- Products caught in freshwater a reference to the country of origin.

- Farmed products a reference to the country in which the product undergoes the final development stage.

- In addition to the EU requirements, listed above, producers may voluntarily choose to give additional information, such as production methods or nutritional elements.

- There are no food/labelling laws in addition to the EU regulations.

Organic farming

- While the EU currently does not have a specific regulation pertaining to 'organic' seafood, in December 2005 the EU Commission adopted a proposal for a new regulation concerning organic fish farming production. This proposal intends to improve clarity for both the consumers and the farmers. Producers of organic food will be able to choose whether or not to use the EU organic logo.

Tax on food

- As a member of the EU, UK suppliers will not be subject to import tariffs.

- VAT on food is 18% in all three of the Baltic States.

2.5 TIPS AND USEFUL LINKS

Lithuania

- Association of Baltic Fishery and Fish Processing Companies
  City: Klapeida
  Tel: +370 463 41142
  Fax: +370 463 41141
  E-mail: baltzvej@takas.lt

- Lithuanian Food Industrial Association
  City: Vilnius
  Tel: +370 5262 7022
  Fax: +370 5212 4447
  E-mail: elenap@post.5ci.lt

- Fisheries Department of the Ministry of Agriculture
  Tel: +370 5239 1174
  Web: www.zum.lt/min/index.cfm?fuseaction=displayHTML&file=File_1.cfm&langparam=EN

- Division of the Fish Market Regulation of the Ministry of Agriculture
  Tel: +370 5262 9654

- Laboratory of Marine Ecology, Institute of Ecology of Vilnius University:
  City: Vilnius
  Web: www.ekoi.lt/en/pages/view/?id=38

Latvia

- Latvian Fisheries Marketing and Information Centre
  Latvian state institute of Agriculture Economics
  City: Riga
  Tel: +371 755 2025
  Fax: +371 754 1789
  Email: zic@zic.lv

- Marine and Inland Waters Administration
  Web: www.jiup.gov.lv

- Latvian Fish Resources Agency
  Web: www.latzra.lv

- State Sanitary Inspectorate
  Web: www.vsi.gov.lv

- State Fisheries Board
  Web: www.vzp.gov.lv

- Latvian Ministry of Agriculture
  City: Riga
  Tel: +371 7027010
  Fax: +371 7027250
  Email: info@zm.gov.lv
  Web: www.zm.gov.lv

- Latvian Packaging Association
  Web: www.packaging.lv/index.php

- Central Statistics Bureau
  City: Riga,
  Tel: +371 736 6850
  Fax: +371 783 0137
  Web: www.csb.lv

- Latvian State Veterinary Service
  City: Riga
  Tel: +371 709 5230
  Fax: +371 732 2727
  Email: pvd@pvd.gov.lv
  Web: www.pvd.gov.lv

Estonia

- Ministry of Agriculture
  Web: www.agri.ee

- Ministry of Environment
  Web: www.envir.ee

- Enterprise Estonia
  Web: www.eas.ee

- Estonian Tax and Customs Board
  Web: www.emta.ee

2.5 TIPS AND USEFUL LINKS

Key fish processors/importers/ distributors in Lithuania:

- JVA PARTNERIS, UAB
  City: Klaipeda
  Tel: +370 (46) 454008
  Fish processing, production of fish products, export of dried fish, import of frozen fish, wholesale/retail trade in dried fish and products.

- NORVELITA,
  Lietuvos ir Norvegijos, UAB
  City: Raseiniu
  Tel: +370 (428) 53993
  Wholesale and retail trade in frozen fish, different kinds of cold and hot-smoked, salted, pickled fish products and preserves (packed into containers of various sizes) in Lithuania and foreign countries.

- UAB Makvela
  City:Villinius
  Tel: +370 (5) 2403934

- UAB Viciunai
  City: Kaunas
  Tel: +370 373 14484

- FISH INDUSTRY L.L.C. atstovybe
  City: Klaipeda
  Tel: +370 (46) 412904
  Fax: +370 (46) 412906
  Fishing, fish processing, distribution.

- AKBELITA, UAB
  City:Vilnius
  Tel: +370 (5) 2490509
  Wholesale trade in frozen fish.

- BALTIJOS DELIKATESAI, UAB
  City: Palanga
  Tel: +370 (460) 40337

Key fish processors/importers/ distributors in Latvia:

For a detailed list of seafood processors - many of which are importing fish – please refer to the website of the Latvian Fisheries Marketing and Information Centre: www.zic.lv. The key ones are listed below:

- Kolumbija Ltd.
  City: Liepaja
  Tel:+371 7463100.

- Zila Laguna
  City: Daugavpils
  Tel: +371 5410777.

- Piejura
  City: Riga
  Tel: +371 7382852.

- Gamma-a
  City: Riga
  Tel: +371 7615142.

Key fish processors/importers/ distributors in Estonia:

- Spratfil AS
  City:Tallinn
  Tel: +372 67 37 330
  Fax: +372 67 37 331
  Web: www.spratfil.ee
  The company is mainly processes salmon, other species being herring, trout and Baltic sprat. Product range includes fillets, smoked and fried fish products. 70% of the company's output is exported.

- Maseco AS
  City:Tallinn
  Tel: + 372 626 44 50
  Fax: + 372 626 44 60
  Web: www.maseco.ee
  The company's product range includes over 70 different canned fish products, domestic Baltic herring, and Atlantic sardines, herrings and mackerels.

2.5 TIPS AND USEFUL LINKS

- AS Paeljassaare Kalatoostus
  City: Tallinn
  Tel: +372 6508 200
  Fax: + 372 6508 257
  Web: www.esva.ee
  Producer of breaded fish and crab fingers. 90% of their output is exported. Low-fat frozen ocean fish comes from Peru, Norway, Russia and Iceland.

- Japs AS
  City: Pärnu
  Tel: +372 44 59 600
  Fax: +372 44 59 610
  Web: www.japs.ee
  The main activity is filleting and processing Baltic herring, pike, perch, cod, and smelt.

- Freshrex Group OÜ
  City: Pärnu
  Tel: +372 44 73 620
  Fax: +372 44 73 621
  Web: www.freshrex.ee
  Production of marinated herring, rollmops and Bismark herring fillets in different sauces. Also has a frozen facility.

- Pärnu Laht AS
  City: Pärnu
  Tel: +372 44 75 840
  Fax: +372 44 33 214
  Email: laht@laht.ee

- Katanter Fish Trading Company
  City: Tallinn
  Tel: +372 63 81 607
  Fax: +372 63 81 608
  Web: www.fish.ee
  International fish trading, wholesaler to supermarkets and supplier to catering firms and restaurants. They offer wide assortment of fish, shellfish and caviar. The company has its own freezing and salting plant to produce high quality, domestic Baltic sprat to export markets.

- Interfish Balti AS
  City: Tallinn
  Tel: +372 66 05 154
  Fax: +372 66 05 088
  Email: intfish@uninet.ee
  Main activity: fish trading.

- Elsamar OÜ
  City: Tallinn
  Tel: +372 656 4176
  Fax: +372 656 54 12
  Email: elsamar@hot.ee
  Main activity: trading with foreign fish, fish products and exotic seafood.

- Vikman Fish OÜ
  City: Tallinn
  Tel: +37250 25952
  Fax: +372 4741106
  Email: info@vikman.ee
  Imports fish from a number of European countries. Wholesaler to the retail sector, supplier of catering businesses and restaurants.

- For further market information, contact:

  Emma Walters
  Development Markets Manager
  Food from Britain
  4th Floor, Manning House
  22 Carlisle Place
  London SW1P 1JA
  Tel: 0207 233 5111
  Fax: 0207 233 9515
  Email: ewalters@foodfrombritain.com
  Web: www.foodfrombritain.com

- For further business advice on entering the export market, contact:

  Marketing
  Seafish
  18 Logie Mill
  Logie Green Road
  Edinburgh
  EH7 4HS
  Tel: 0131 558 3331
  Fax: 0131 558 1442
  Email: marketinsight@seafish.co.uk
  Web: www.seafish.org

SEAFISH

FOOD from Britain