

Here to give the UK seafood sector  
the support it needs to thrive.



# UK Seafood Supply Chain Overview:

## July-September 2023

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## Introduction

This report takes a high-level view of the whole of the seafood supply chain to explore factors impacting UK seafood markets, seafood business operations, and consumer behaviour during July to September 2023.

In the UK, we export a large proportion of the seafood we catch and import much of the seafood we eat. Our seafood supply chain is heavily integrated into the global seafood supply chain. Therefore, both local and global changes have consequences for the UK seafood sector.

In preparing this report we have drawn on qualitative and quantitative data available at the time of writing. This includes official statistics and industry insights. Links to data sources and other resources are provided at the end for further information.

## Acknowledgements

A special thanks to those who have shared invaluable industry insights with Seafish. Our thanks also go to our industry engagement, economics and insight teams and other colleagues across Seafish who have provided input and feedback on this report.

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## Industry Impacts Overview

### **July-September 2023: Grants awarded to improve catching, aquaculture and processing sectors, while businesses continue to prepare for regulatory changes**

The UK Seafood Fund Infrastructure Scheme announced details of successful applications. Businesses across the catching, aquaculture and processing sectors benefited from the scheme. The scheme prioritized projects that would bring social and economic benefits while strengthening the seafood supply chain, reducing the environmental impact from seafood businesses. In total, £40.1 million was awarded across 21 projects, with 11 awards going to the processing sector, 6 to harbour improvements and 4 to aquaculture businesses. Some of the highest awards were to the aquaculture sector, with 3 businesses getting £5 million each: including a new facility in Lincolnshire to produce king prawns for the UK market. Smaller awards included pontoon upgrades to increase the value of the catch landed into Langstone and improved processing equipment in Aberdeenshire. Many of the successful projects also focused on measures that will reduce energy usage and lower the carbon footprint of businesses, helping the UK to move towards its net zero climate goals.

During this quarter, labour and staffing issues were still a concern across many sectors. The English language exam was proving to be a barrier for migrant crew going through the skilled worker visa process. Meanwhile, for local crew, the requirements for fishermen to obtain a medical certificate by November 2023 raised concerns that older fishermen would retire and some fishermen with health concerns or disabilities could lose their livelihoods. In positive news a new apprenticeship scheme in South West England began training new entrants into the catching sector, while an initiative in Grimsby, the Future Seafood Leaders Programme, is seeking to improve retention of workers in the industry.

Meanwhile, businesses were preparing for impending regulatory change across the following areas:

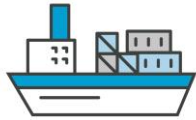
1. The UK Government released documentation on the upcoming changes to the Border Target Operating Model (BTOM). Checks on imported goods will affect importers and their buyers, with businesses concerned about the potential for delays and extra costs.
2. In the catching sector, both the UK and Scottish governments consulted on extending the requirement to use electronic monitoring to a wider range of vessels within the English and Scottish fleets.

3. In the processing sector, there was some delays in the implementation of the extended producer responsibility scheme. The scheme requires companies to report on their packaging.

Some relief was felt by both businesses and consumers as inflation eased down to +6.3% by September. However, food inflation remained much higher at +12.3%. This meant consumers were still looking for value with cheaper imported whitefish species like Alaskan pollack, which continued to be the only species in volume growth in the retail sector. While some consumers chose to dine-in, others were still motivated by socialising opportunities over the summer months with visits and seafood servings up in the foodservice sector. However, the sector performed worse than expected due to the poor weather conditions, especially during the August school holiday period.

In trade sectors, the volume of imported seafood was declining at a slower rate, while export volumes remained steady. A higher proportion of exports are now destined for non-EU countries with markets in the USA, China, Vietnam, Japan and Taiwan looking for increased consignments of mackerel, herring, trout and salmon.

## Seafood Supply



### Imports

- Import volume continued to decline but at a slower rate. Meanwhile, price inflation continued to ease
- Importers began preparing for upcoming changes with the Border Target Operating Model (BTOM)

While the volume of imported seafood remained at a similar level to the previous quarter, it was in decline when compared to the year before. This resulted from decreased import volumes for salmon (-19%), cod (-12.2%) and tuna (-10.1%), though in each case, prices were up.

Import volume growth occurred in Alaska pollock (+10.2%), pangasius (+8.8%), redfish (+35.9%) and other freshwater fish (+12.8%), reflecting consumer preference to opt for cheaper whitefish alternatives in retail.

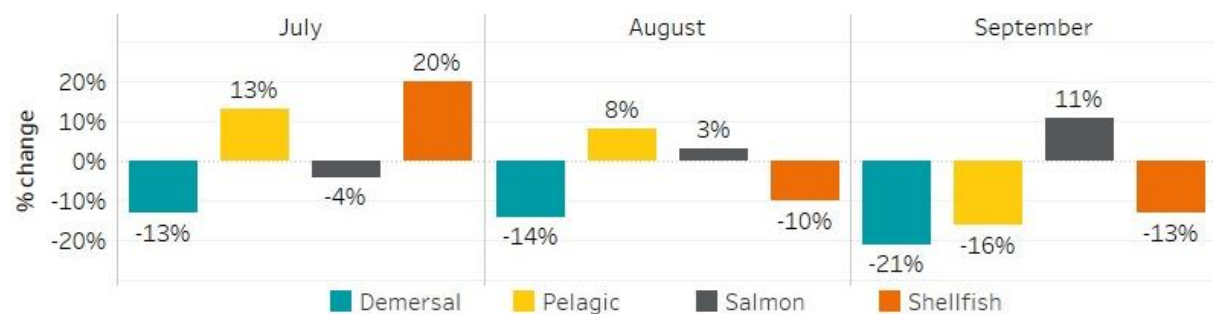
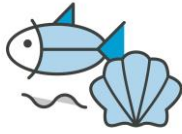


Figure 1. July to September UK import values compared to the same period in the previous year, by month and species group.

Overall, in the 4 quarters to Q3 2023, the UK imported £3.49 billion of seafood, a decline of -2.9% compared to a year ago. The volume of seafood products imported decreased to 606,539 tonnes (-8.4%) in the 4 quarters to Q3 2023. Price inflation for imported products continued to ease this quarter settling at +6.0%, down from +12.2% the previous quarter. However, all imported species groups continued to experience a price increase.

Regulatory changes continued to be a concern for businesses this quarter. On 29<sup>th</sup> August 2023, the final documentation for the Border Target Operating Model (BTOM) for trade in goods was published. The BTOM sets out the structure for the UK's future border controls regarding sanitary and phytosanitary (SPS) controls. Due to start in January 2024, importers began preparing for the new control regime using a risk-based approach, with streamlined and digitised health certification, and trusted trader schemes to improve the border process for both importers and exporters.



## Aquaculture

- Local authorities can now delegate sample collection to shellfish producers
- Aquaculture businesses set for further development as UK Seafood Fund grants awarded

Following the Food Safety Authority's (FSA) clarification on water quality sampling, this quarter saw changes in how shellfish samples can be collected for official control purposes. Local authorities can now delegate collection of samples to a shellfish provider who is suitably trained. To support this change, Seafish released guidance and developed a training course for both shellfish growers and local authorities. The guidance aims to ensure that clear delegation and levels of supervision and oversight are maintained. Meanwhile, the Official Control Sampling Training course, once completed, can form part of the contractual agreement between the sampler and the local authority and ensure sampling meets the standards required.

In July 2023 Scottish Government released its report: Vision for Sustainable Aquaculture. The focus is on supporting the farming sector and wider supply chain to innovate and develop new infrastructure, such as harbour, housing and broadband facilities, while also ensuring that local community's benefit from aquaculture production and expansion. This report was released alongside concerns raised by local communities in Scotland about proposals for new salmon farms, and the conditions at salmon aquaculture sites.

Aquaculture businesses across Great Britain continued to develop and grow during this period, with four companies being awarded grants under the UK Seafood Fund Infrastructure Scheme. Beneficiaries include projects focused on recirculating aquaculture systems, improving fish stocks welfare, and reducing the carbon footprint of the sector.

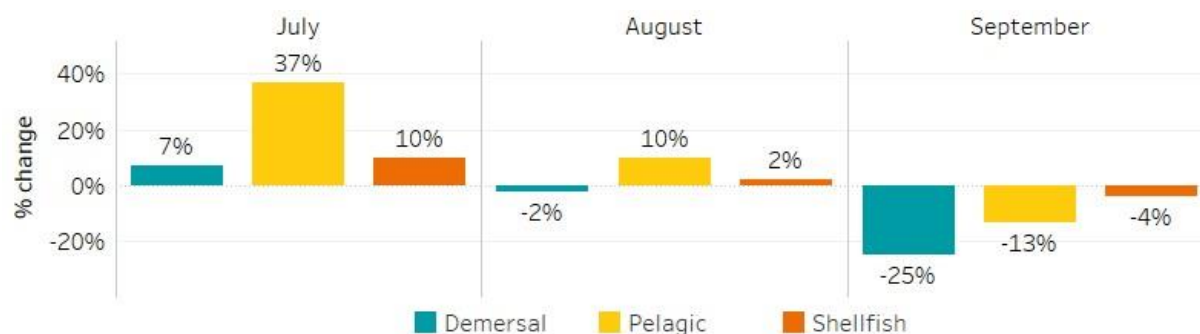




## Landings

- Total volume for all landings down slightly, but overall value of the catch is up
- 3 new Highly Protected Marine Areas (HPMAs) come into effect in England

The overall value of UK landings was up +3.9% at the end of this quarter in comparison to the same time last year. However, this increase was mainly down to the strong landing value of pelagic species. The value of demersal landings was significantly lower in September 2023, down -25% when compared to September 2022. However, this reflected the strong performance of demersal landings in September 2022. Shellfish showed a decrease in value, but this followed a trend of a seasonal dip that happens after the peak summer months. Total landings volumes were slightly lower by the end of this quarter when compared to the year before.



**Figure 2. July to September UK landings values compared to the previous year, by month and species group**

In England, the first 3 HPMAs came into force on 5<sup>th</sup> July. Allonby Bay, North East of Farnes Deep and Dolphin Head are now under the highest level of marine protection. These sites were selected for their ecological importance for nature recovery and it is hoped this action will improve the state of the sea and address biodiversity loss. Two other sites that had been consulted on, Lindisfarne and Inner Silver Pit South, were not selected for HMPA designation. In both cases, the decision not to designate the sites as HPMAs reflected the high costs that would be incurred by commercial fishermen and aquaculture producers.

Also, during this quarter, the UK government released two major consultations. First, the six frontrunner Fisheries Management Plan (FMPs) for species in English and Welsh waters. These plans covered bass, Channel demersal non-quota species, crab and lobster, king scallop, whelk, and Southern North Sea and Eastern Channel mixed flatfish. These, and subsequent FMPs, will provide a framework for sustainable management of UK fisheries as the UK operates as an independent coastal state outside the EU common fisheries policy. Work on the next five FMPs is already underway.

The second consultation was for regulatory changes to remote electronic monitoring (REM). REM is a more sophisticated form of vessel tracking. As well as gathering gps data, it includes the use of sensors and video to gather images of the catch in a bid to improve fishing data. In England, the UK government is looking to phase in REM in large pelagic trawlers over 24m over the next five years. Meanwhile in Scotland, REM is already being phased in on scallop dredgers and pelagic vessels but there was a consultation by the Scottish government on whether to extend REM implementation to some inshore vessels. This occurred alongside a consultation on the introduction of vessel tracking for all vessels under 12m. This would involve recording the location, speed and direction of travel of a vessel.

The UK Seafood Fund Infrastructure Scheme saw grants awarded to improve conditions in some fishing ports, including Langstone, Lerwick, Milford Fish Docks, and Portavogie. These projects will directly benefit the fishing industry with improvements being made to quay space, cold storage and winches for landing catches.

## Production & Distribution



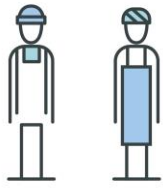
### Processing, Transport & Logistics

- UK Seafood Fund grants awarded to processors
- Delays with the implementation of the Extended Producer Responsibility (EPR) for packaging

Processing businesses saw a boost to investment this quarter with ten processing companies securing grants under the UK Seafood Fund Infrastructure Scheme. Grants ranged in value from £360,000 up to £5,000,000. Grants were awarded to increase freezer and cold storage capacity, including the installation of racking units, to reduce seafood waste and improve the quality (and value) of products; improve wastewater processing for pelagic processors; and improve processing capabilities with new machinery for deboning, grading and skinning. The improvements to cold storage will also reduce energy costs and the carbon footprint of businesses in years to come.

Also, during this quarter, businesses were dealing with the Extended Producer Responsibility (EPR) for packaging. This framework builds on existing waste laws that affects all packaging and the recycling responsibilities of those businesses in scope. These reforms are part of the UK government's net-zero pledge. However, the UK government acknowledged that its delivery of these reforms within the original planned timescales was not achievable.

Businesses reported concerns about the impact of EPR and the manner of its implementation, with many businesses commenting that they would have preferred a more graduated approach and noted a lack of available guidance. For large businesses, there was an expectation to begin first-round reporting from July, but this was delayed until October 2023, with the government advising that no enforcement action would be taken as long as businesses met their reporting requirements before 31<sup>st</sup> May 2024. Meanwhile, small businesses have been told they must start collecting the data, but do not need to report until 2025 and fees have also been delayed until 2025.



## Workforce

- English language exam a barrier for Skilled Worker Visa applicants
- Medicals for fishermen cause concern ahead of deadline

During this quarter, migrant workers in the catching sector continued to be in the spotlight. In July, Waitrose released a series of short videos aimed at providing information to migrant workers about what to expect when working in the UK fishing industry. These videos were well received. Also in July, UK Border Force targeted three fishing vessels in Northern Ireland in a clampdown on employment visas. Fishing business owners and skippers continued to navigate moving migrant crew from transit visas onto skilled worker visas and Seafish published guides to assist with this in September. However, the biggest hurdle fishing businesses reported with the transition to the skilled worker visa, was getting their workers through the English language exam requirement.

For the inshore fleet, the impending requirement for existing fishers to pass a medical was causing increasing concern. The regulations on medical certification for fishers were introduced in 2018 but implementation was phased, giving the inshore fleet until 30<sup>th</sup> November 2023 to comply. However, as this deadline approached, industry and MPs from coastal communities lobbied the Maritime & Coastguard Agency and the Department for Transport for changes. Fishermen's organisation reported that an older generation of skippers would not undertake the medical, choosing retirement instead. Some fishers confirmed they would challenge the requirement, amid concerns that their fishing activities might be restricted if they "failed" the medical (e.g. due to a BMI above 35).

Onshore staffing remained challenging this quarter. In the hospitality sector, staffing shortages were especially noticeable in roles such as Head Chefs. This saw foodservice establishments having to reduce or simplify their menus.

The continued need to attract workers into the sector was highlighted at a meeting between processing sector representatives in NE Scotland and the UK Government. As a result, the Minister for Employment pledged to look at how job centres can do more to encourage local people to work in the seafood processing sector.

Several initiatives began in this quarter to help bring more new entrants into the seafood sector. Morrisons supermarkets transferred over a £100,000 apprenticeship fund to Supplytrain to help the South Western Fish Producer Organisation (SWFPO) pilot the first fishers apprenticeship scheme in England. The 18-month apprenticeship will see 10 new sea fishers trained.

Meanwhile in Liverpool, the DWP and UK Hospitality piloted a new employment scheme for the hospitality sector that would enable participants to earn an industry-recognised 'Hospitality Skills Passport'. The scheme hopes to address labour shortages with more than 120,000 vacancies noted in the hospitality sector during this quarter.

It was not all about bringing in new entrants this quarter, but also in retaining workers. A new initiative, the Future Seafood Leaders Programme, started in Grimsby in September. This programme seeks to retain, invest and grow the talent within the seafood sector through a specifically designed career development framework aimed at sector professionals. The course, run in partnership with the University of Lincoln and the Seafood Grimsby and Humber Alliance, hopes to address the shortage of skilled junior and middle managers within the processing sector.

## Domestic Markets



### Retail

- Personal finances continue to influence sales, with only the cheapest species in volume growth

In the 52 weeks to the end of September 2023, seafood sales were worth £4.2bn (+3.6%), while the volume of seafood sold decreased to 378,450 tonnes (-4.2%) with an average price of £11.15/kg (+8.1%). Total seafood inflation peaked last quarter and has remained steady at +8.1% during this period. This is well below the +12.3% average for food.

Both the chilled and ambient seafood sectors were in price driven growth, with chilled continuing to show the highest volume decline (-8.0%) but with the highest price increase (+11.5%). However, the frozen sector returned to full growth this quarter as fish finger sales helped to increase the volume sold (+1.8%). In fact, total fish finger volume sales increased by +23.2% as shoppers turned to the cheapest seafood comfort food. Incidentally this was also the only seafood segment to see a fall in average price.

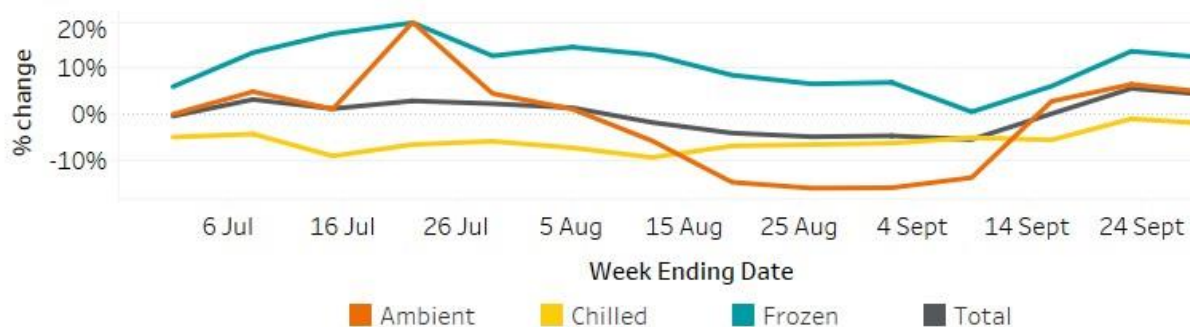
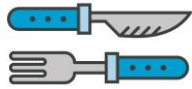


Figure 3. Weekly seafood volume sales in retail in July to September 2023 compared to the previous year.

Pressure on personal finances continued to influence sales during this period, with only the cheapest species, such as Alaskan pollock, showing modest volume growth (+4.7%). Some of the species more associated with foodservice such as hake and octopus returned to growth as shoppers chose to dine in.

Shopper confidence, although low, continued to grow, reaching the highest level since the end of 2021, climbing to -9 in September 2023 on the IGD Shopper Confidence Index. This was up from -25 the year before. This continued the trend of shoppers not necessarily becoming more positive, but rather less negative than they had been previously. Fewer shoppers were expecting food prices to increase over the year ahead, but shopper priority continued to be firmly set on saving money, with own label products now making up more than half of everything shoppers buy, by value.



## Foodservice

- Visits increase +2.3% with seafood servings also up +1.5%

The market continued to recover with visits to foodservice establishments gaining +2.3% on the same time last year. But this represented a slowdown on the previous quarter. Although the ongoing cost-of-living crisis has impacted all Out of Home (OOH) traffic, a major reason for the slow-down was the poor weather seen in August during the school holidays.

Seafood’s recovery in foodservice stalled this quarter and remained behind the total food and drink market with servings of seafood up +1.5% compared to +4.8% of total food and drink servings, when compared to the same period in 2022.



Figure 4. Foodservice visits during July to September 2023 compared to the previous year

Visit growth was strongest in on-site and retail, which continued to benefit from workers returning to office working. Spending for breakfast and lunch were up showing growing demand during the working week. However, dinners out were down, showing many consumers are cutting back on more expensive meals out.

Quick Service Restaurants (QSR) were impacted negatively by the poor weather and saw traffic fall. It was the worst performing channel in the market, reversing a trend of strong performance over the past few years. Full-Service Restaurants (FSR) saw visit growth slow from previous quarters, with traffic up only +2.5%,



but still benefitting from continued demand from consumers to socialise with family and friends.

Almost one third of seafood servings are from QSR and it remains the channel with the largest servings share of seafood OOH. QSR saw strong growth in the 12 months to September 2023 with seafood visits up +5.6% and seafood servings up +5.7%. Seafood consumption OOH grew overall thanks to visit and serving growth across all channels despite declines from Fish and Chip Shops with visits (-13.1 %) and servings (-14.3%) both decreasing. Around a third of fish and chip owners reported feeling their sales were similar to the previous year, though slightly more reported lower sales. The majority reported that they expected to make a profit although 62.6% of owners were not confident in the future of their business. This aligns with the hospitality sector seeing the largest number of business closures in 10 years with concerns that more businesses might shut.

## International Markets



### Exports

- Seafood exports remain steady as prices and volume experience little change from a year ago.
- Higher proportion of exports are destined for non-EU countries

Seafood exports remained steady over the period. The overall value of seafood exported from the UK remained unchanged from the previous year. However, there was an increase in the exported volume of cephalopods and small pelagics, which replaced some of the volume loss of exported demersal species and salmon. The increased export of small pelagics coincided with Japan and Vietnam overtaking China as the largest Asian markets for UK mackerel exports with exports to Vietnam likely processed and re-exported to Japan. Grilled mackerel, sold as a boxed lunch product, is popular in Japan.

Seafood export volumes in the 4 quarters to Q3 2023 were 330,610 tonnes (-0.4%). Price increases for exported seafood had also eased at +0.1%, down from +6.6% the previous quarter. Annual export value was down -0.2% to £1.73 billion.

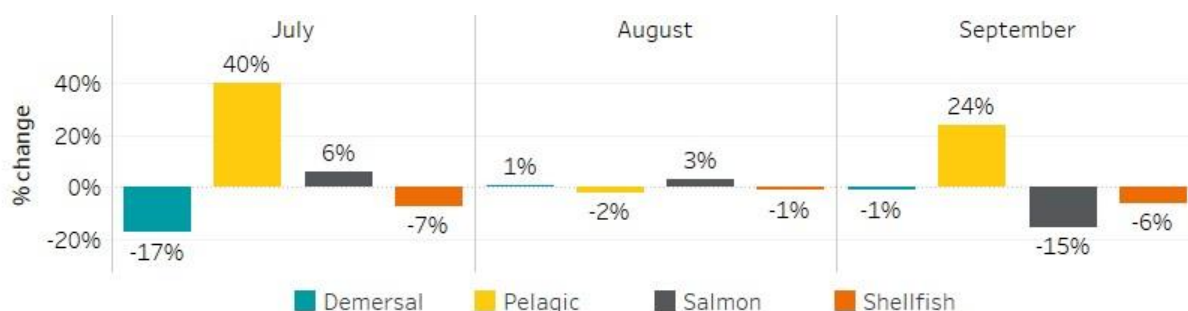


Figure 5. July to September UK export values compared to the previous year, by month and species group.

Export value increased to non-EU markets such as the USA, China, Vietnam, Japan and Taiwan. These destinations are important markets for mackerel, herring, trout and salmon. For mackerel and herring, growth in export volumes is linked to the UK fleets increased catch allocation of pelagic species. This has occurred as the UK received a larger share of the total allowable catch (TAC),

since leaving the EU in 2021, for jointly managed stocks between UK, the EU and Norway.

Export volume of demersal species continued in decline while prices remained high. The EU is the primary market for UK exported demersal species such as haddock, hake, monkfish, saithe, sole, cod and whiting. Only the export volume of whiting, haddock and hake increased to the EU over this period. Meanwhile, reduced export volume of monkfish and sole is linked to declining TAC for these species in 2023.

Regulatory change occurred this quarter, as the Windsor Framework replaced the Northern Ireland Protocol on 30<sup>th</sup> September 2023, with implementation to start 1<sup>st</sup> October 2023. The Northern Ireland Retail Movement Scheme and UK Internal Market Scheme became operational, marking the commitments between the EU and UK being fulfilled. Businesses prepared for a physical check of goods into the Republic of Ireland. Packaging labelled “Not for EU” appeared on goods in supermarkets in Northern Ireland.

## References and Data Sources

### Retail

Data Source: Nielsen Scantrack UK.

Reference:

Seafood in retail factsheets:

<https://www.seafish.org/insight-and-research/retail-data-and-insight/>

### Foodservice

Data Source: The NPD Group. Foodservice data are only available at the level of Great Britain, rather than United Kingdom.

Reference:

Seafood in foodservice factsheets:

<https://www.seafish.org/insight-and-research/foodservice-data-and-insight/>

### Trade (Imports and Exports)

Data Source: HMRC monthly data via Business Trade Statistics (BTS), processed by Seafish.

Species groups are defined as follows:

- Pelagic includes: Anchovy, Blue Whiting, Herring, Horse mackerel, Mackerel, Misc. pelagic, Sardine, Sprat, Swordfish, Tuna
- Demersal includes: Alaska pollack, Cod, Coley, Dogfish, Grenadier, Haddock, Hake, Halibut, Ling, Megrim, Monkfish, Other flatfish, Other groundfish, Plaice, Pollack, Ray, Redfish, Seabass, Seabream, Shark, Sole, Toothfish, Turbot, Whiting
- Shellfish includes: Clam, Cold Water Shrimps & Prawns, Crabs, Crayfish, Cuttlefish, Lobster, Mussels, Nephrops, Octopus, Other cephalopods, Other crustaceans, Other molluscs and aquatic invertebrates, Oyster, Prepared and preserved shrimps & prawns, Rock lobster and sea crawfish, Scallops, Sea cucumber, Squid, Warm Water Shrimps & Prawns
- All Others includes: Carp, Catfish, Caviar, livers and roes, Cobia, Eels, Nile Perch, Other freshwater fish, Other marine fish, Other products, Other salmonids, Pink cusk-eel, Ray's Bream, Salmon, Surimi, Tilapia, Trout
- Overall excludes: Non-food

Reference:

Seafish Trade and Tariff Tool:

<https://public.tableau.com/profile/seafish#!/vizhome/SeafishTradeandTariffTool/Overview>

### Landings

Data Source: Marine Management Organisation.

Reference:

MMO monthly landings statistics:

<https://www.gov.uk/government/collections/monthly-uk-sea-fisheries-statistics>

### Real-time industry data

Data source: Seafish horizon intelligence. Real time intelligence on notable changes affecting the seafood industry sourced from the general media (media, newspaper articles and social media) and from industry and other stakeholder debates and conversations. [www.seafish.org/insight-and-research/current-and-future-trends/](https://www.seafish.org/insight-and-research/current-and-future-trends/) .

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Here to give the UK seafood sector  
**the support it needs to thrive.**

The Seafish logo features the word "seafish" in a white, lowercase, sans-serif font. Above the letter "i" is a stylized graphic of a fish's tail, composed of several white diamond shapes arranged in a fan-like pattern.

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