

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



UK Seafood Trade Report: January to March 2023

Analysis by Joe Cooper

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Acknowledgements

Thank you to Business & Trade Statistics Ltd for providing monthly HMRC trade data and to the industry members and colleagues across Seafish for input and insights.

UK Seafood trade 2023 January-March (Q1) Update

This report covers the key trends in UK seafood trade for a calendar year on a quarterly basis. It focuses on emerging changes to seafood trade flows in and out of the UK. The Seafish Trade reports also monitor the impact of national, international, and global events on trade opportunities, and provide regular insights and analysis of UK seafood trade statistics.

The four quarters to Q1 (Jan-Mar) 2023 are presented in this report and are compared to the previous year. The most recent and significant trends in UK seafood trade are also presented, providing a detailed view of impacts on the UK seafood sector.

UK seafood trade has been volatile since 2020 when the coronavirus pandemic caused unprecedented trade issues globally. In 2021, complications from the UK leaving the European Union (EU) added to existing challenges. At the start of 2022, the Russian invasion of Ukraine led to higher prices in global markets and changes to trade flows of goods. At the same time, the UK was affected by a cost-of-living crisis as inflation soared above 10%. All these factors have and continue to cause significant disruption to the UK seafood supply chain.

Imports



Imports to the UK in the 4 quarters to Q1 (January-March) 2023:

- £3.64 bn (+11%)
- 635,836 tonnes (-5%)
- £5.74/kg average price (+16%)

January to March 2023 Import Overview

In the 4 quarters to Q1 (Jan-Mar) 2023, total seafood import volume shown in Figure 1 had decreased, driven by a decline in the import volumes of salmon, shellfish, and demersal species. Pelagic species bucked this trend and were imported in higher volumes than the previous year and experienced the lowest price inflation.

The value of imported seafood increased by 11% to £3.65 billion while imported volumes decreased 5% to 635,836 tonnes in the 4 quarters to Q1 2023.

Overall, inflation of imported seafood prices started to ease in this three-month period, down to 16% from 19% in the previous quarter. Imports of all species groups continued to experience price inflation.

Imports of salmon and shellfish experienced the most notable decline in volume over this period. Meanwhile, demand increased for affordable whitefish alternatives, Alaska pollock and Pangasius.

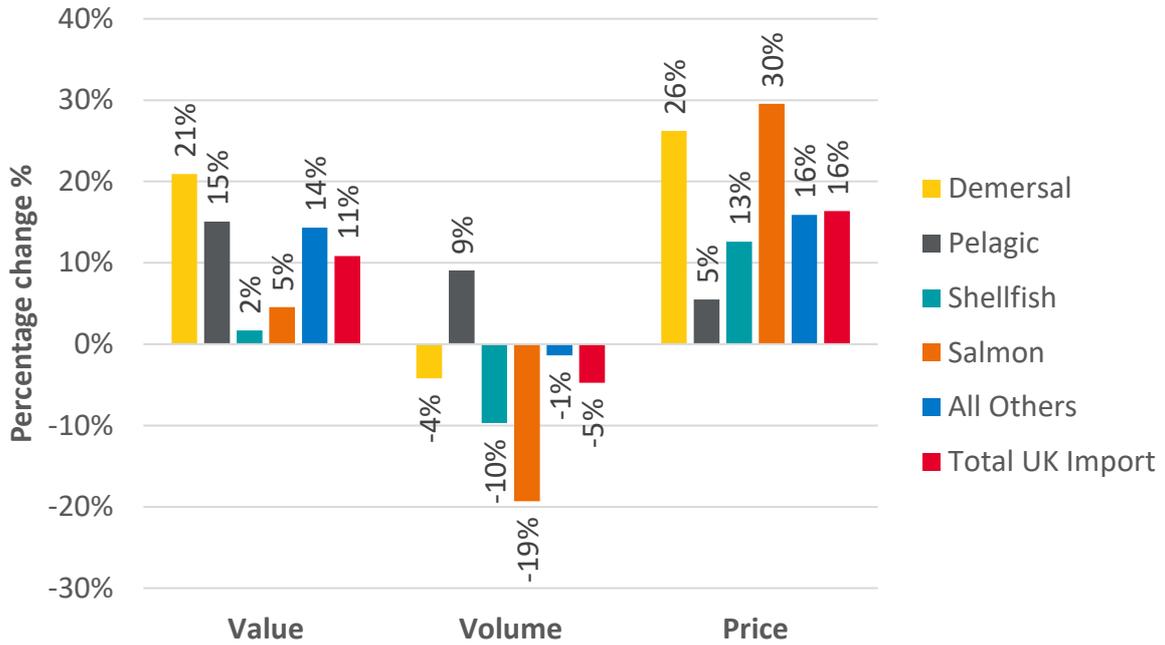


Figure 1: Annual change in seafood imports in the 4 quarters to Q1 (Jan-Mar) 2023 by species group. Showing the moving annual total to Q1 2023 compared to moving annual total to Q1 2022.

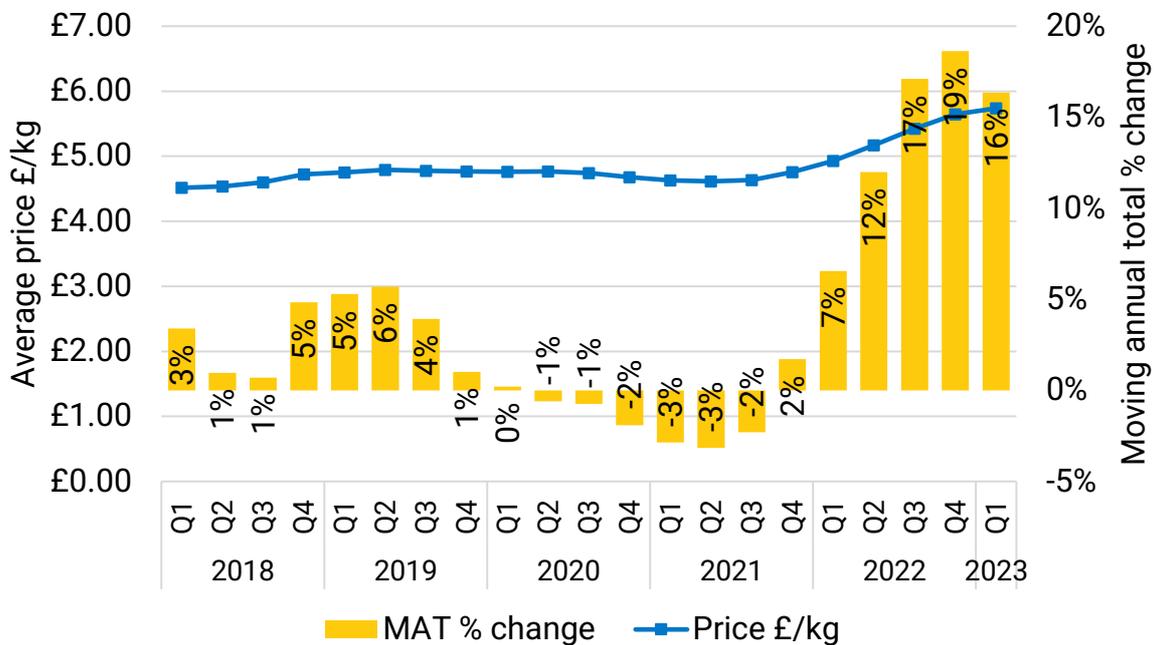


Figure 2: Moving average annual price of UK imported seafood products with year-on-year percentage change in price.

Key import data observations

Growth of cheaper whitefish alternatives

Although cod and haddock still accounted for most of the demersal import volume in the 4 quarters to Q1 2023, their proportional share dropped from 77% to 71% while the volume share of Alaska pollock increased from 10% to 15%. This trend is likely to persist as shoppers continue to focus on price, choosing cheaper whitefish alternatives to the higher-priced cod and haddock. All three species experienced 29-30% price inflation, raising the import value of cod 18% to £585 million, haddock 12% to £231 million and Alaska pollock 84% to £100 million.

The volume of imported Alaska pollock increased from China (+36%) and the Netherlands (+719%), while decreasing from Poland (-98%), Germany (-58%) and Russia (-84%) in the 4 quarters to Q1 2023. In January 2023, China lifted its Covid-19 quarantine measures which had restricted whitefish exports, including pollock, and re-opened the main whitefish processing hub in Qingdao.

Pangasius import value increased 51% to £54.5 million as the volume imported increased by 16% to 15,895 tonnes compared to the same period the year before. This growth was despite price inflation of 29%.

Most of the pangasius imported to the UK (94%) was consigned from Vietnam. Vietnam's pangasius export grew after the Tet holiday in February 2023 as processing plants increased production and demand increased from Europe and China. Production also increased on the expectation that UK processors would continue to look for alternative whitefish products to replace sanctioned wild-caught Russian whitefish.

Salmon price inflation reaches 30%

Imported salmon experienced the highest price inflation of all species groups and the greatest volume reduction, when compared to the previous year. While the value of salmon imports in the 4 quarters to Q1 2023 increased by 5% to £770 million, the volume decreased by 19% to 95,460 tonnes.

The factors that may have influenced the decline in salmon imports include increased demand from the US, lower production volume, an increase in price inflation (up from 27% in the previous quarter to 30%), and a weaker Norwegian Krone. Norway accounts for over 60% of the UK's salmon imports by volume. The proposed Norwegian tax of 35% on salmon production could see further disruption to salmon imports.

Exports



Exports from the UK in the 4 quarters to Q1 (January-March) 2023:

- £1.75bn (+2%)
- 332,971 tonnes (-9%)
- £5.26/kg average price (+11%)

January to March 2023 Exports Overview

In the 4 quarters to Q1 2023, total seafood export value increased (Figure 3) driven by price inflation. Exports of all species groups, apart from pelagic species, experienced inflated prices over this period. Overall, a lower volume of seafood was exported from the UK compared to the year before.

The value of seafood exports from the UK increased by 2% to £1.75 billion while export volume decreased 9% to 332,971 tonnes. Price inflation of exported seafood was 11%, down from 14% in the previous quarter (Figure 4).

Export value growth was most notable in trout and shellfish, particularly to non-EU markets, while most demersal species and salmon exports experienced a decline in the 4 quarters to Q1 2023.

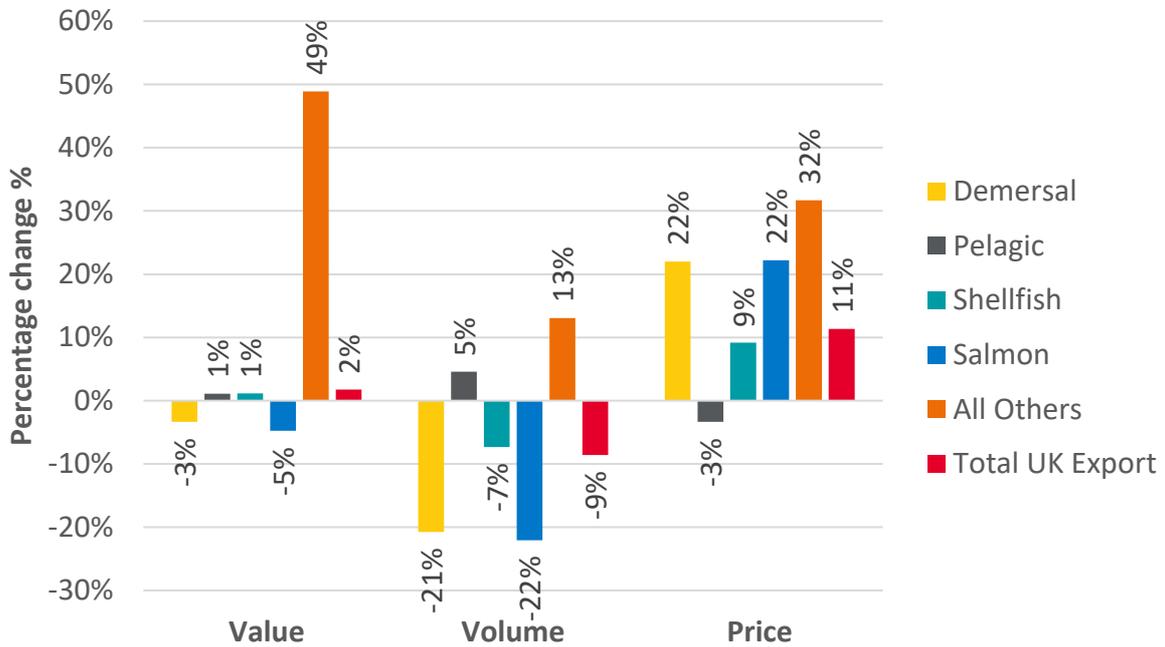


Figure 3: Annual change in seafood exports in the 4 quarters to Q1 (Jan-Mar) 2023 by species group. Moving annual total to Q1 2023 compared to moving annual total to Q1 2022.

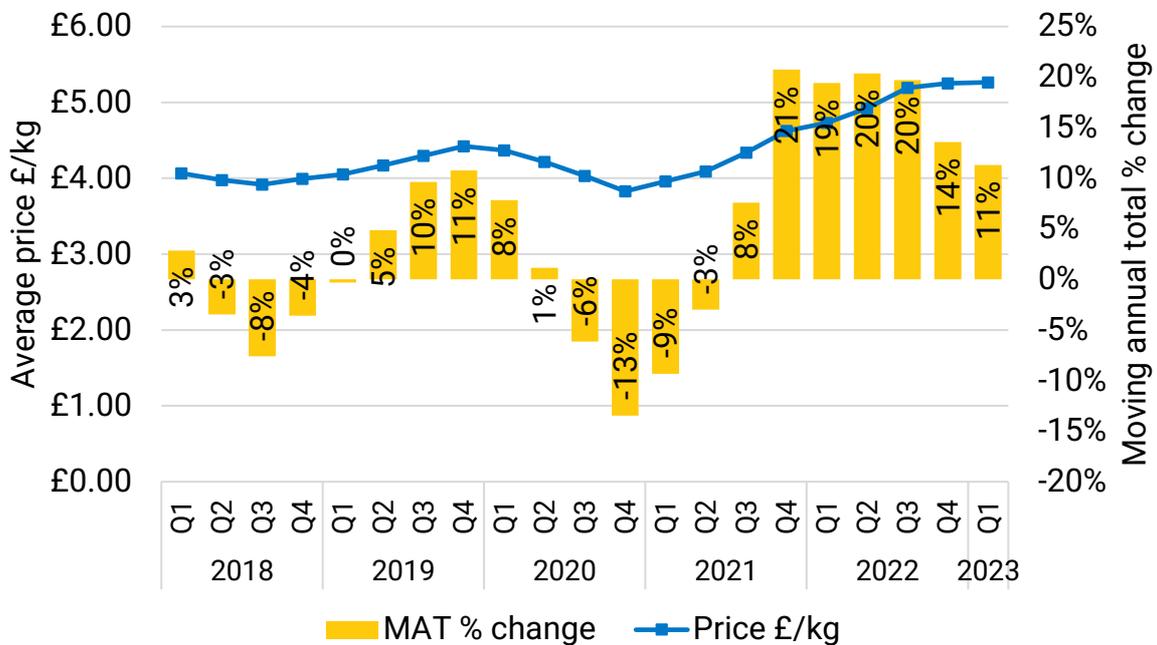


Figure 4: Moving average annual price of UK exported seafood products with year-on-year percentage change in price.

Key Export data observations

Trout export value growth over 160%

Trout experienced the highest growth of all exported species in the 4 quarters to Q1 2023. Trout export value increased 163% to £93.9 million and export volume increased 140% to 10,562 tonnes. Exported trout price inflation eased in this quarter to 9%, down from 13% the previous quarter.

The USA remained the top export destination for UK trout exports, with the value increasing by 184% to £51.9 million. The volume exported to the USA increased 133% to 5,053 tonnes despite prices increasing 22%. Trout export values also increased to Poland (+818%), France (+158%), China (+50%) and Singapore (+258%).

In February 2023 MOWI, the world's largest salmon farmer took over Dawnfresh trout farms which produces 5,000t of trout annually across seven farms across Northern Ireland and Scotland.

Demersal exports impacted by severe price inflation

The value of demersal species exported from the UK decreased 3% to £194 million in the 4 quarters to Q1 2023, while export volumes decreased by 21% to 42,306 tonnes. Price inflation continued to grow to 22%, up from 20% the previous quarter.

Monkfish and Saithe accounted for a third of demersal export value, although both species experienced a decline over this period. The export value of monkfish declined 5% to £42 million and saithe declined 11% to £16 million. Monkfish export price inflation reached 23% as the volume exported declined 23% compared to the previous year to 5,025 tonnes. Saithe exports experienced even greater price inflation at 40% as the volume exported decreased 36% to 4,649 tonnes.

Cod exports saw 30% price inflation in the 4 quarters to Q1 2023, yet the volume exported decreased 49% to 3,769 tonnes resulting in a £9.5 million decline in export value compared to the previous year. At the same time, the volume of cod landed by UK vessels continued to rise suggesting that more raw material may have remained in the UK as the price of imported cod increased.

Regulatory landscape

January-March 2023

Preparations for post-Brexit changes relating to import controls continued during this period, as the UK government shared plans to release a draft Target Operating Model (TOM) outlining the implementation of the 2025 border strategy. The implementation of sanitary and phytosanitary checks on EU goods was further extended beyond its initial expiration date of 31 December 2022.

On 31st March it was agreed that the UK would join the CPTPP, the major Indo-Pacific trade block. The agreement is expected to open opportunities for UK businesses to trade raw material with member countries. Reducing tariffs and SPS (sanitary and phytosanitary measures) barriers of many seafood products for imports from and exports to CPTPP member countries. These countries trade many seafood products with the UK, currently supplying the UK with shrimp and prawn, salmon, pangasius, lobster, tuna while importing salmon, mackerel and spiny lobster from the UK.

UK businesses, particularly small and medium-sized enterprises (SMEs), continued to face challenges and increased costs at the start of 2023 as post-Brexit export requirements presented ongoing challenges. The costs and time requirements associated with Export Health Certificates (EHCs) remained problematic, with issues arising at French border control posts. Further costs arose as local authorities raised the cost of issuing EHCs to reflect the true cost, after initially keeping costs low post-Brexit.

Technical system glitches also posed problems. In January, drivers transiting goods across the UK border experienced issues with the government's Goods Vehicle Management System (GVMS) which failed to recognise the change of year to 2023. The Windsor Framework agreement was reached by the EU and UK in February 2023, with businesses hoping for some reduction in administrative burdens and delays between the UK and Northern Ireland in the future.

Annex

Data Source

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

HMRC Overseas Trade in Goods Statistics are processed using the EUMOFA (EU Market Observatory for Fisheries and Aquaculture Products) methodology enabling allocation of each product to species, species groups, processing and preservation states as well as converting reported weight to live weight.

Please note that destination and origin countries are as reported and we don't correct the data to account for the Rotterdam effect¹. Published HMRC trade data is provisional for up to 18 months and so can be updated within this time.

Values quoted are based on Cost, Insurance and Freight (CIF) delivery terms value for imports to the UK and the Free on Board (FOB) delivery terms value for exports from the UK.

Volumes refer to actual product weight of "goods" without packaging. Live weight conversions may be applied using conversion factors following the EU Market Observatory for Fisheries and Aquaculture (EUMOFA) methodology.

As of January 2021, there has been a break in the time series for UK export statistics and for import statistics as of January 2022. Following the ending of the free movement of people and goods and services between the UK and the EU, HMRC has revised the method of compiling GB - EU trade statistics, to use customs declarations rather than intrastat records. Records of trade between NI and the EU continue to be collected via intrastat records. UK-EU trade statistics from 2021, rely on the use of both customs declarations and intrastat records. For further details please see <https://www.uktradeinfo.com/trade-data/help-with-using-our-data/#our-data-sources>.

Country of Consignment/dispatch (COD): The country from which the goods were originally dispatched to the UK without any commercial transaction in any intermediate country (either with or without breaking bulk consignments during transit). This is not necessarily the country of origin, manufacture or the last country from which the goods were shipped to the UK.

¹ The Rotterdam effect refers to the distortion of official trade statistics when commodities passing through major ports en route to their final destination are mis-reported as consigned to or from that port.

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Seafish species groups

Pelagic:

Anchovy, Blue Whiting, Herring, Horse mackerel, Mackerel, Misc. Pelagic, Sardine, Sprat, Swordfish, Tuna.

Demersal:

Alaska pollock, Cod, Coley, Dogfish, Grenadier, Haddock, Hake, Halibut, Ling, Megrin, Monkfish, Other flatfish, Other groundfish, Plaice, Pollack, Ray, Redfish, Seabass, Seabream, Shark, Sole, Toothfish, Turbot, Whiting.

Shellfish:

Clam, Shrimps & Prawns, Crabs, Crayfish, Cuttlefish, Lobster, Mussels, Nephrops, Octopus, Other cephalopods, Other crustaceans, Other molluscs and aquatic invertebrates, Oyster, Rock lobster and sea crawfish, Scallops, Sea cucumber, Squid, Whelk.

Salmon: Salmon.

All other:

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, Surimi, Tilapia, Trout.

Overall excludes: Non-food

Reference:

Seafish Trade and Tariff Tool:

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

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Here to give the UK seafood sector
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The logo for Seafish, featuring the word "seafish" in a white, lowercase, sans-serif font. Above the letter "i" in "fish", there is a stylized graphic of a fish's tail or a cluster of small, white, diamond-shaped elements arranged in a slightly curved pattern.

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