

# A welfare perspective on the Common Market Organisation (CMO) revision

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Professor Frank Asche

*EAFE discussion forum on CMO reform*

European Parliament,  
Brussels, 6 December 2011



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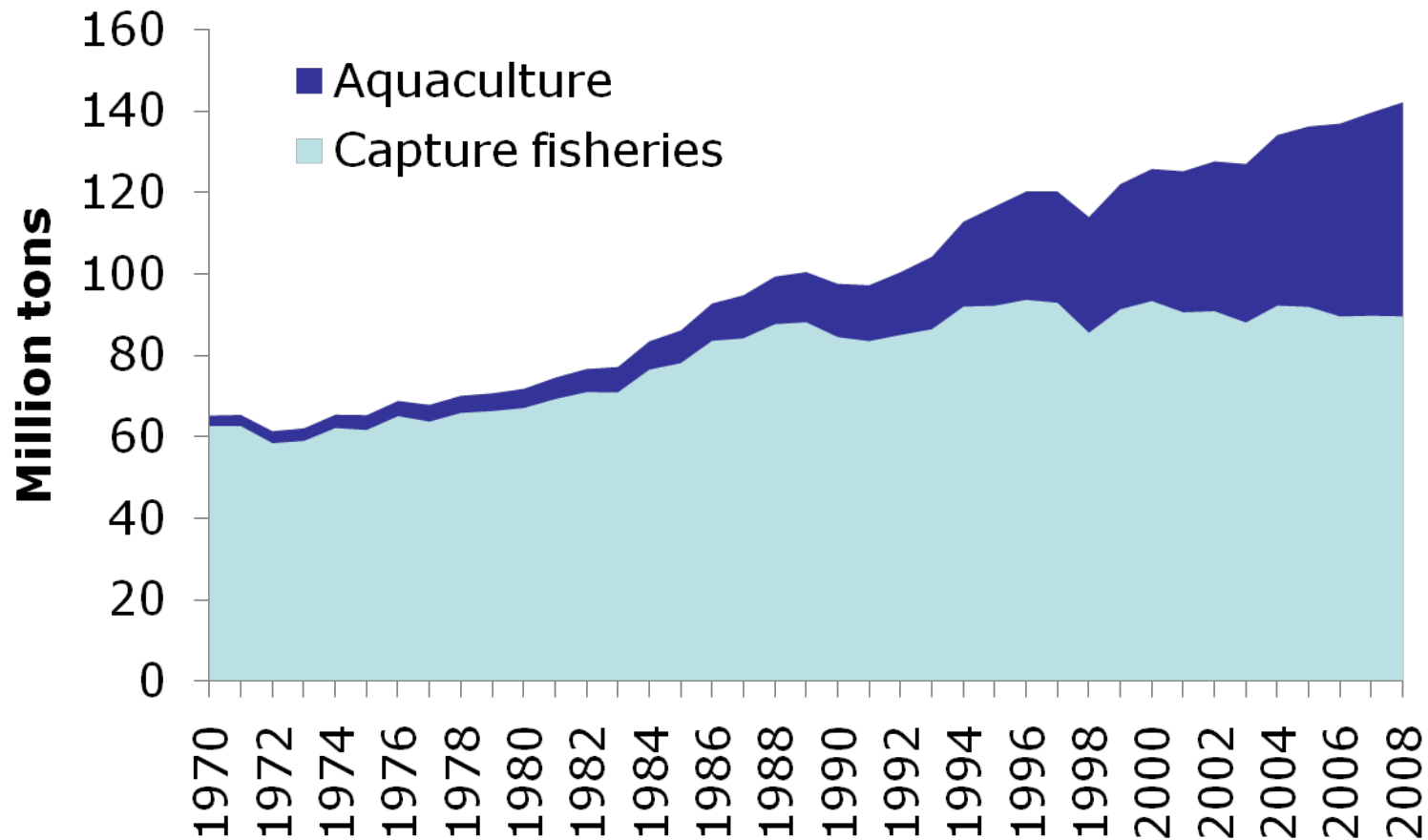
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# Fish is an Important Food

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- Two roles: Direct consumption and income (Smith et al, 2010)
- Seafood contributes at least **15% of average animal protein consumption** to 3.0 billion people worldwide
- Fisheries and aquaculture **directly employed 44.9 million people** in 2008
- An estimated total of **540 million people deriving their livelihoods** from seafood-related industries
- Per capita consumption of seafood reached a record level of 17 kg per capita in 2008

# Global Fish Supply



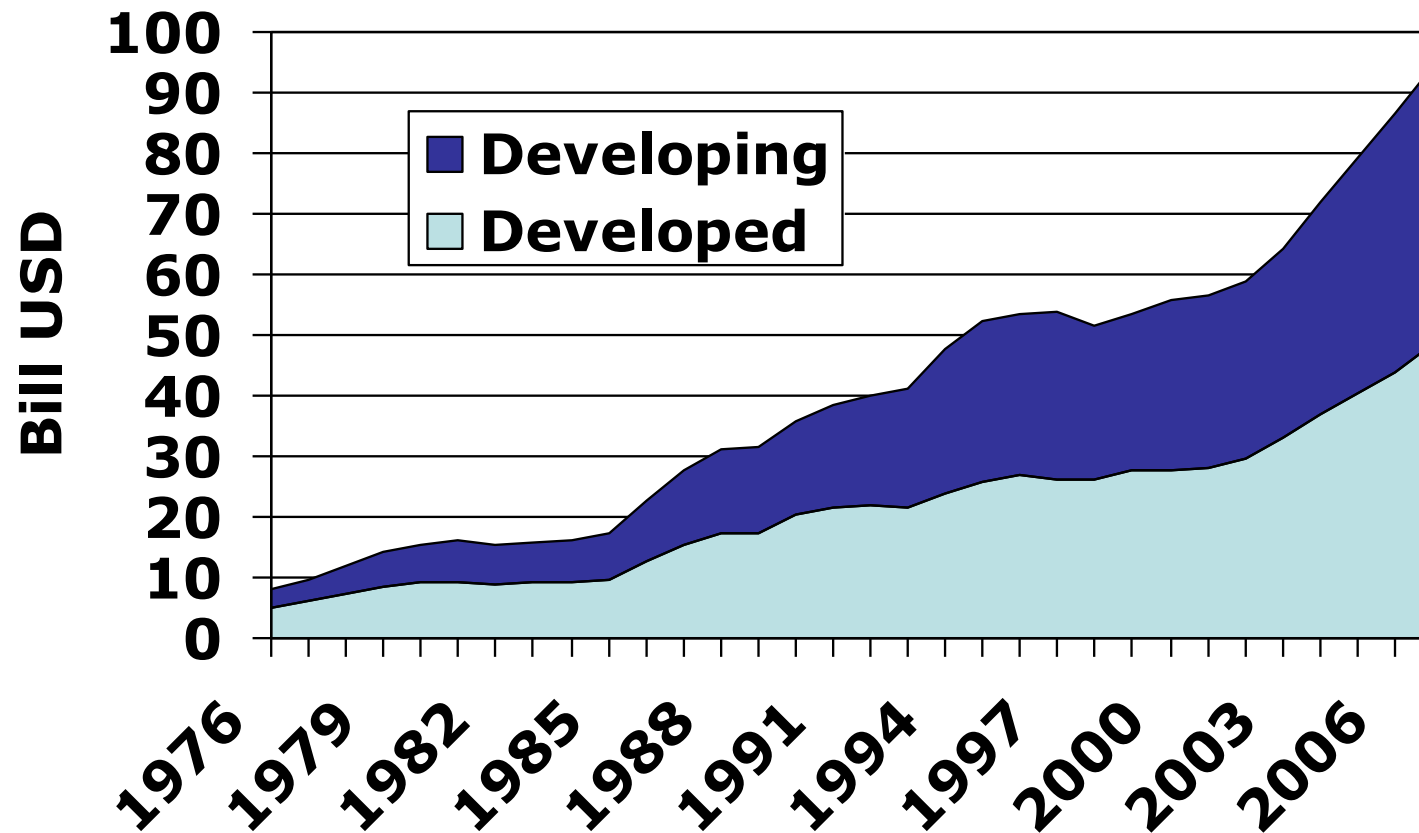
*Source: FAO*

## Growth in seafood trade

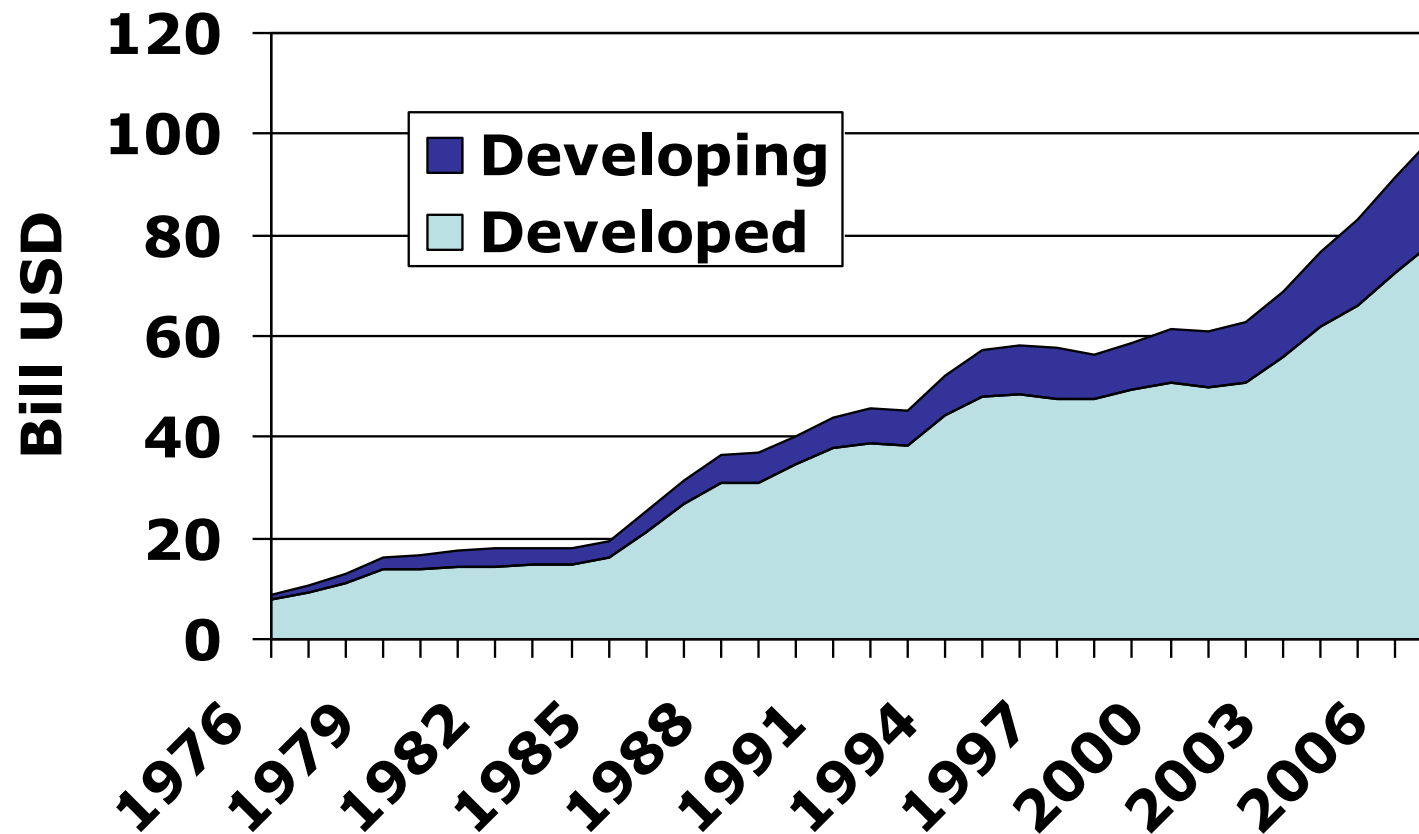
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- Adjusted for inflation, trade value has increased threefold from 1976 to 2006 from 28.3 billion USD to 86.4 billion USD
- During the same period the volume has increased from 7.9 million tones to 31.3 million tonnes, or almost fourfold
- Hence, the unit value of the seafood has decreased, increasing seafood's competitiveness as a food source
- Aquaculture

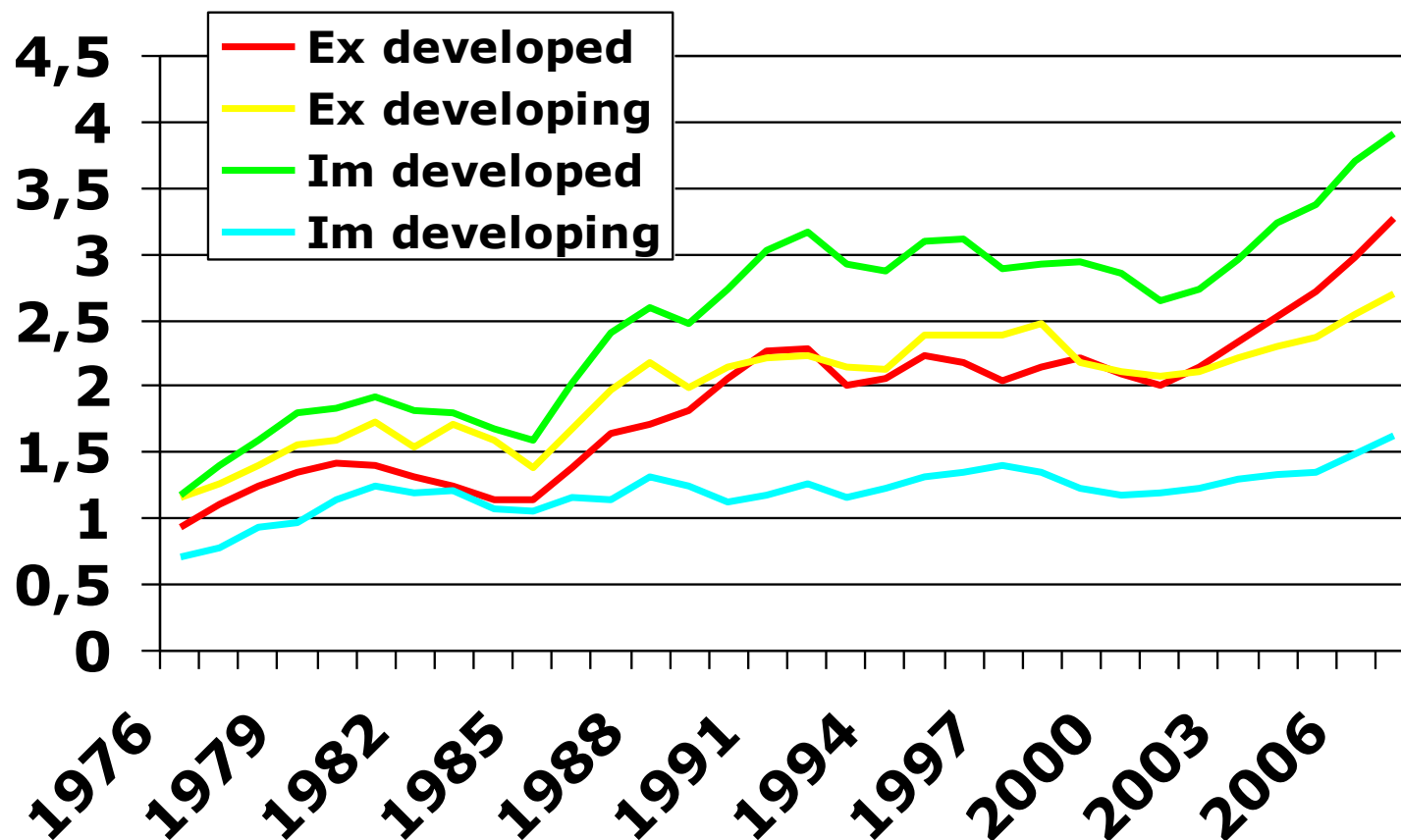
# Global seafood exports



## Global seafood imports



# Unit prices, nominal, 1976-2007





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# The seafood market is changing

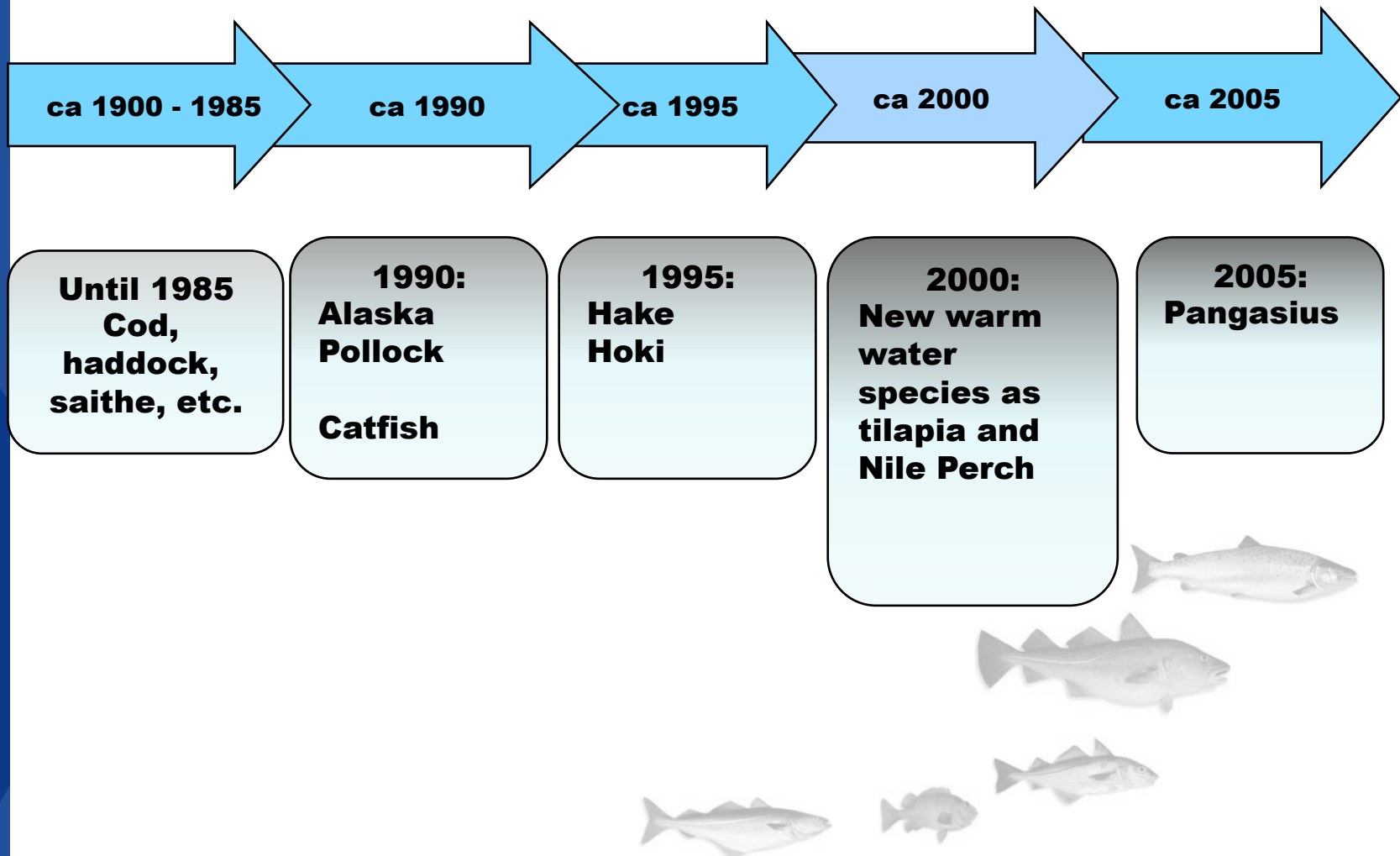


# Whitefish

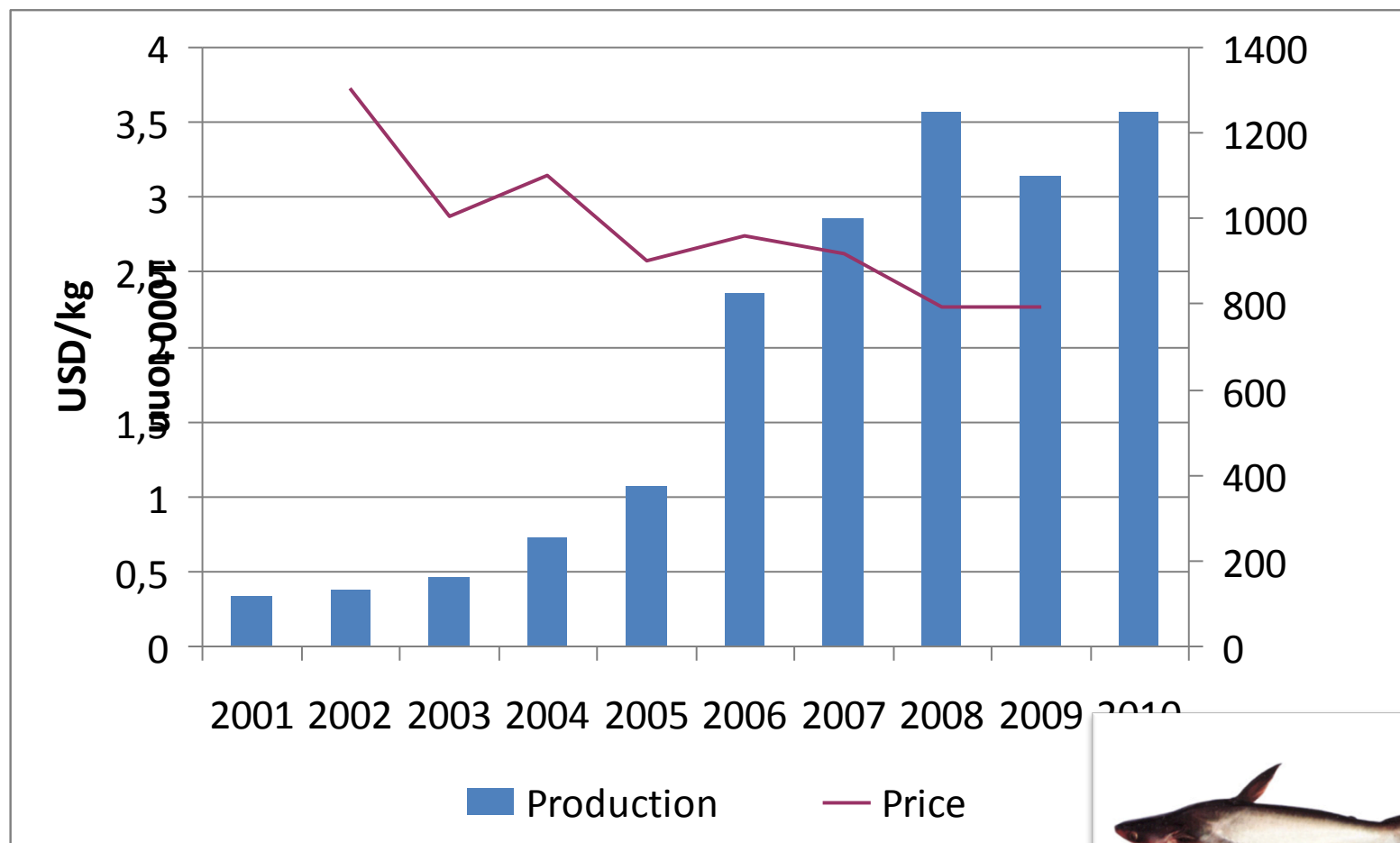
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- The whitefish market is one of the largest seafood market segments
  - Ca 6 million tonnes if only the main wild species are included
  - Ca 13 million tonnes if all species including aquaculture are included
- From 1980 the market has changed from a regional north Atlantic market to a global market
- The size of the market and a large number of processed product forms makes it an easy market to enter for new species

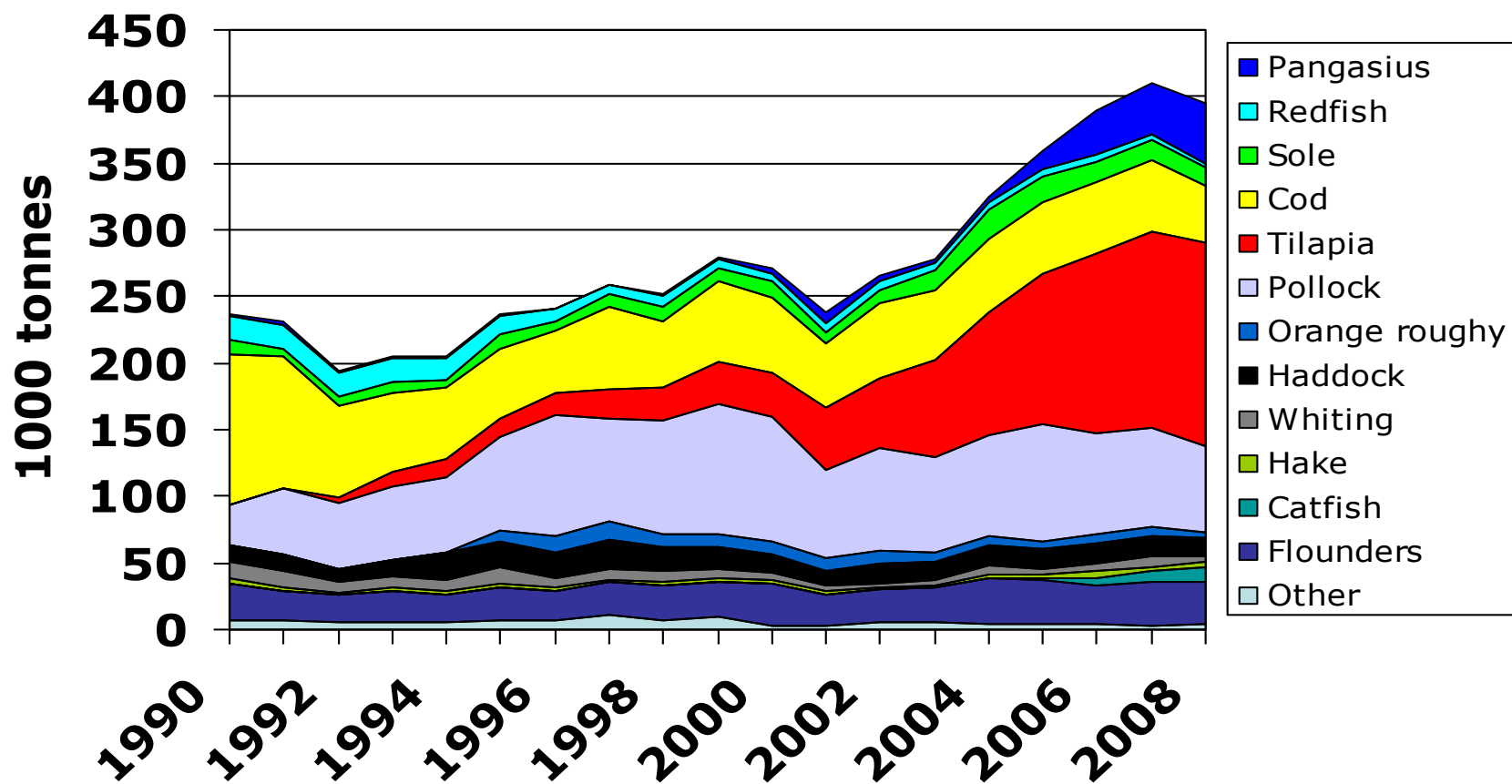
# New species in the whitefish market



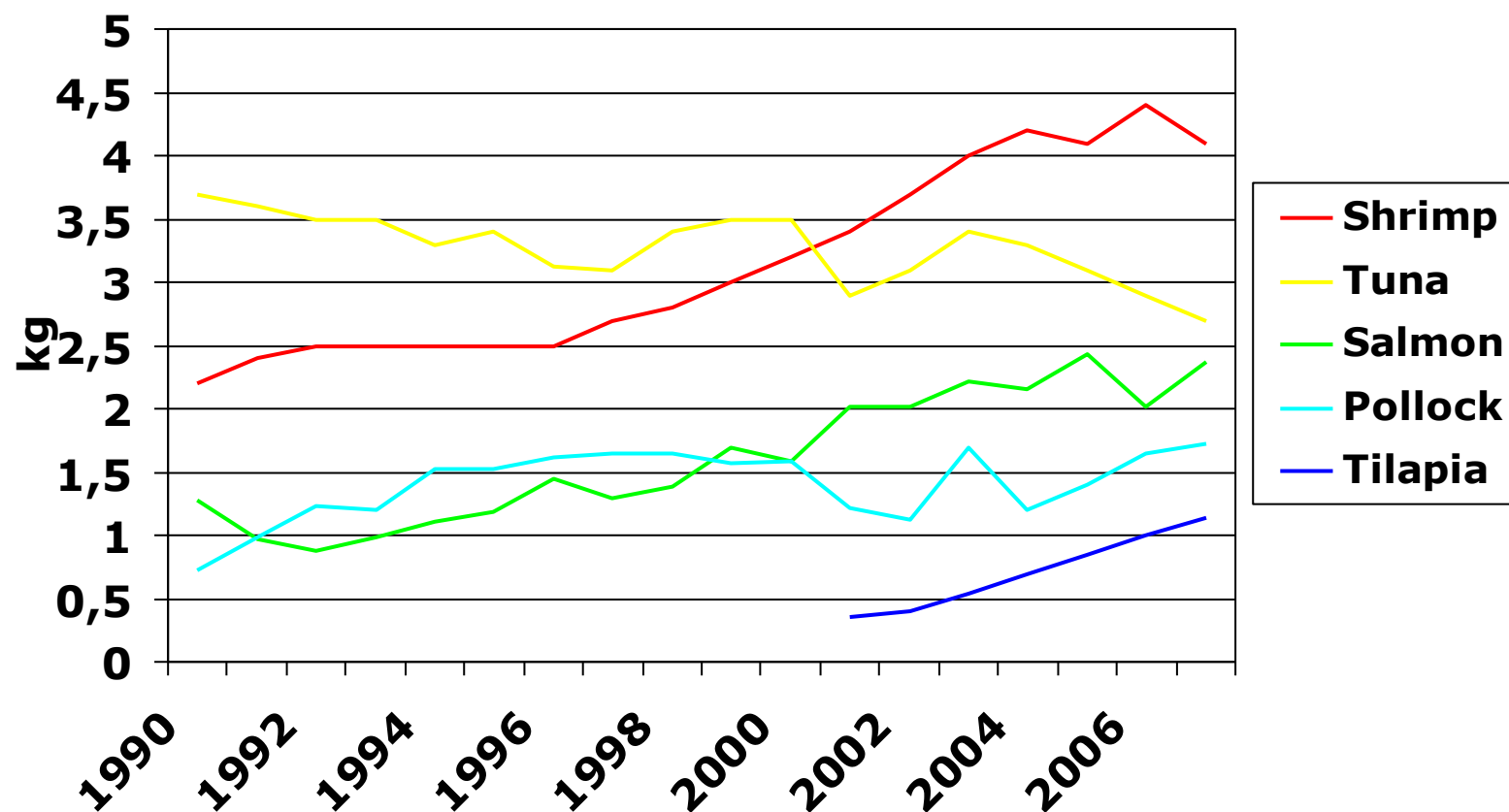
# Vietnamese pangasius production and export price (2008=1)



## US imports of frozen whitefish, 1990-2008 (tonnes product weight)



## Per capita seafood consumption, USA

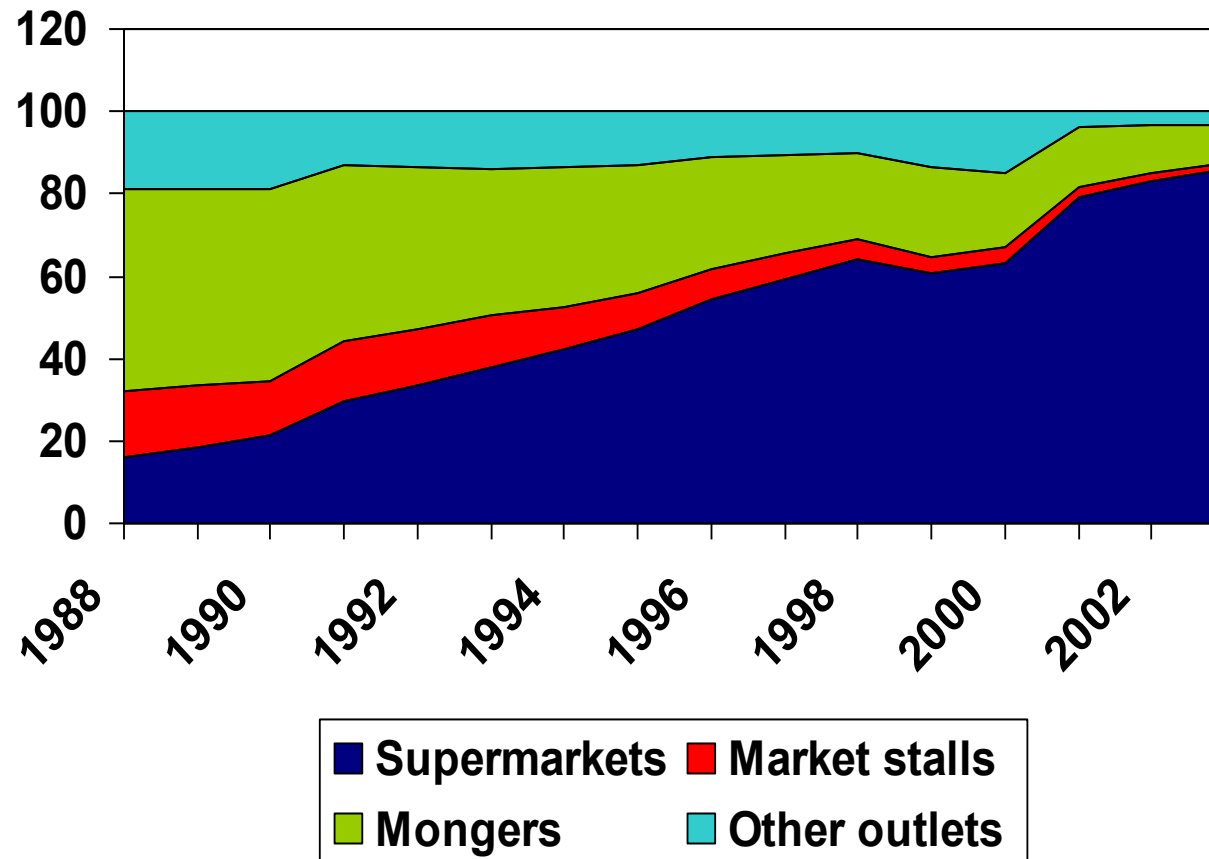


## Tilapia and pangasius

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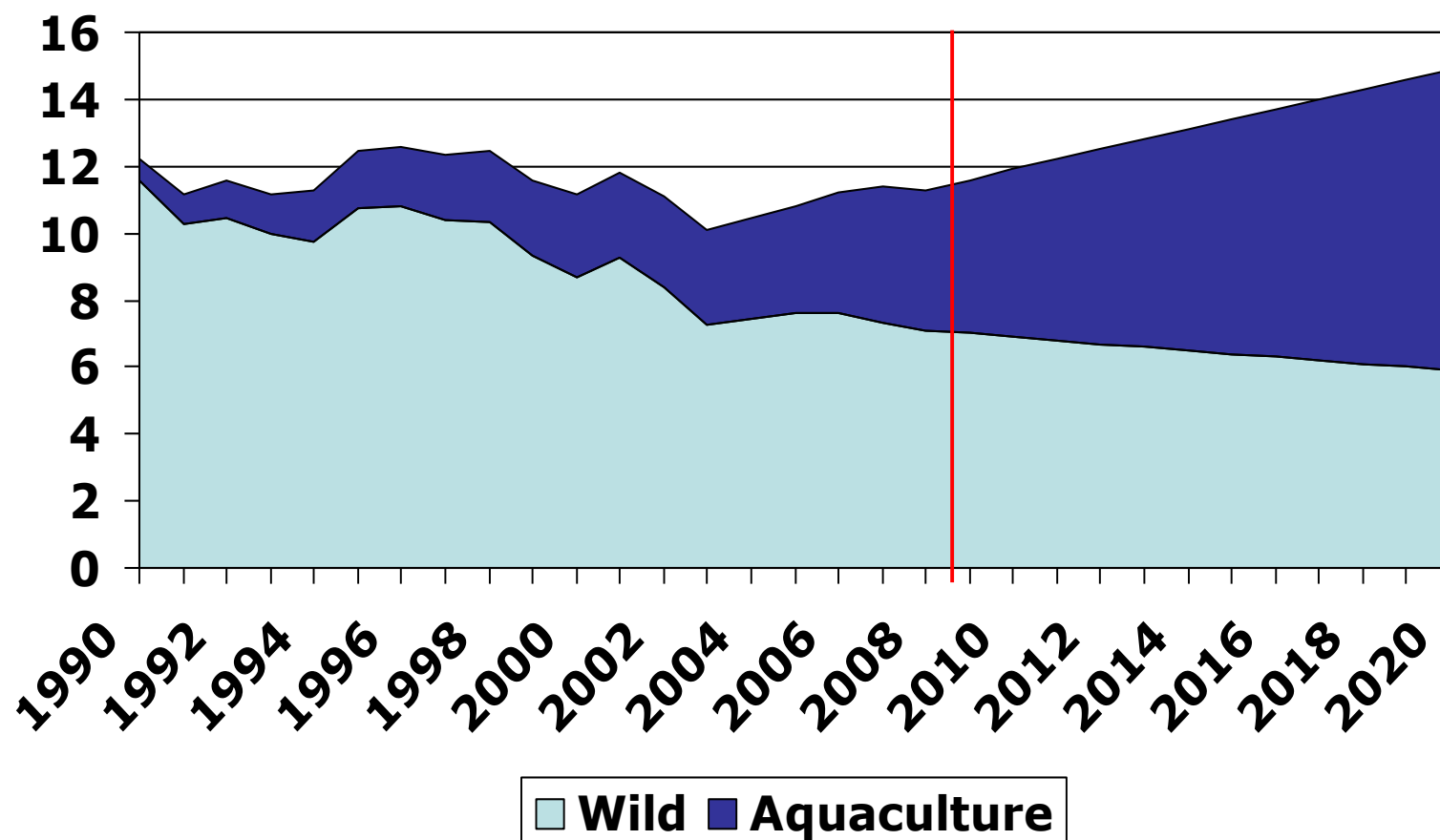
- Pangasius and tilapia is examples of a new type of aquaculture species where increased quantities will be produced
  - In the short term, though, the financial crises may reduce production growth and create cycles
- Low production cost and flesh with a neutral taste makes the fillets highly versatile and highly competitive
- In contrast to luxury species like salmon and shrimp (and cod), pangasius and tilapia enters the market at the bottom by copying other products and competing in established segments
- Given continued stagnation in landings of wild species and productivity growth, the production will continue to increase

## Market share by value of fish retail in the UK, 1988-2003



Source: Sea  
Fisheries Industry  
Authority (SFIA)

## New aquaculture species are expected to dominate the whitefish market



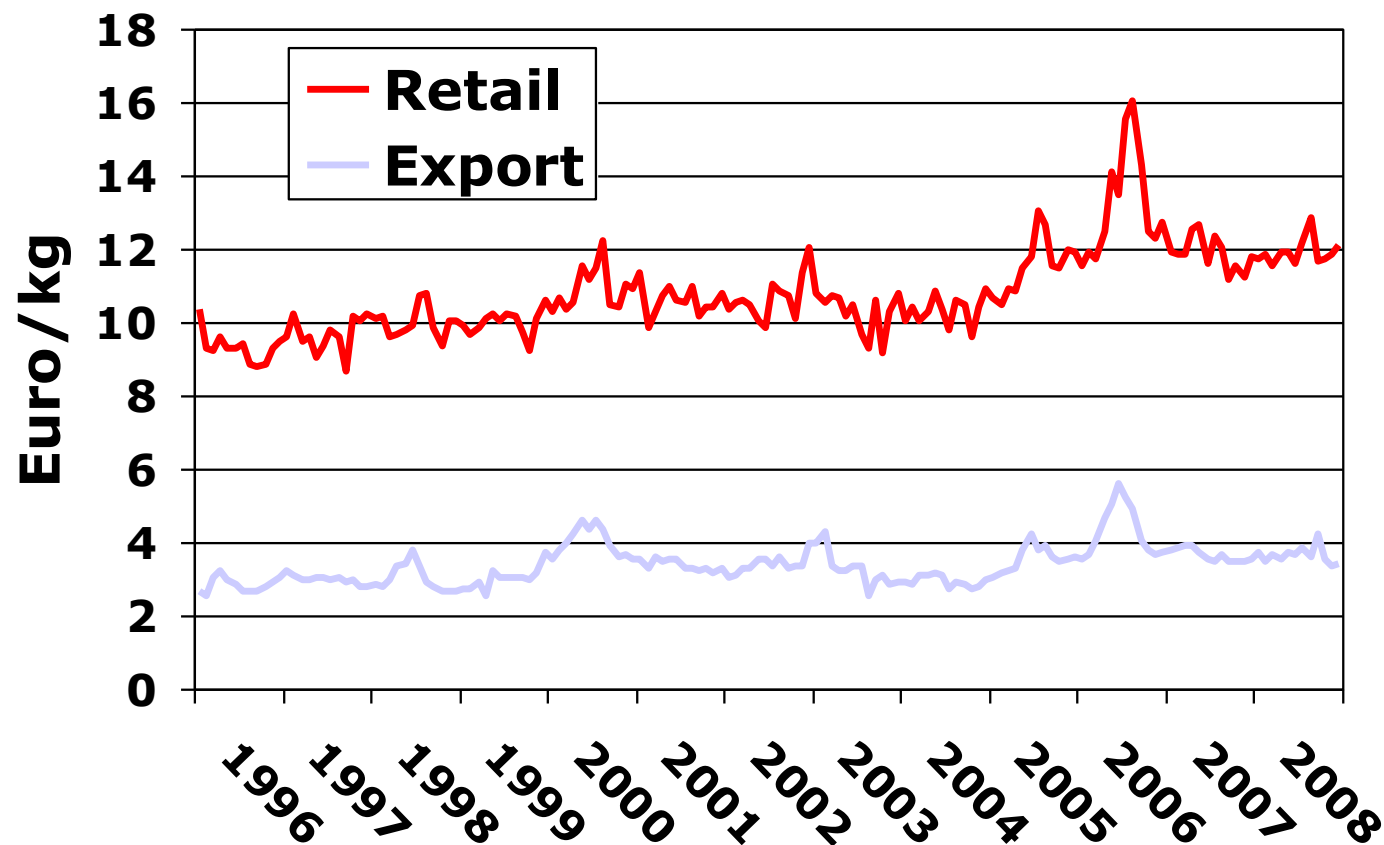


# The supply chain

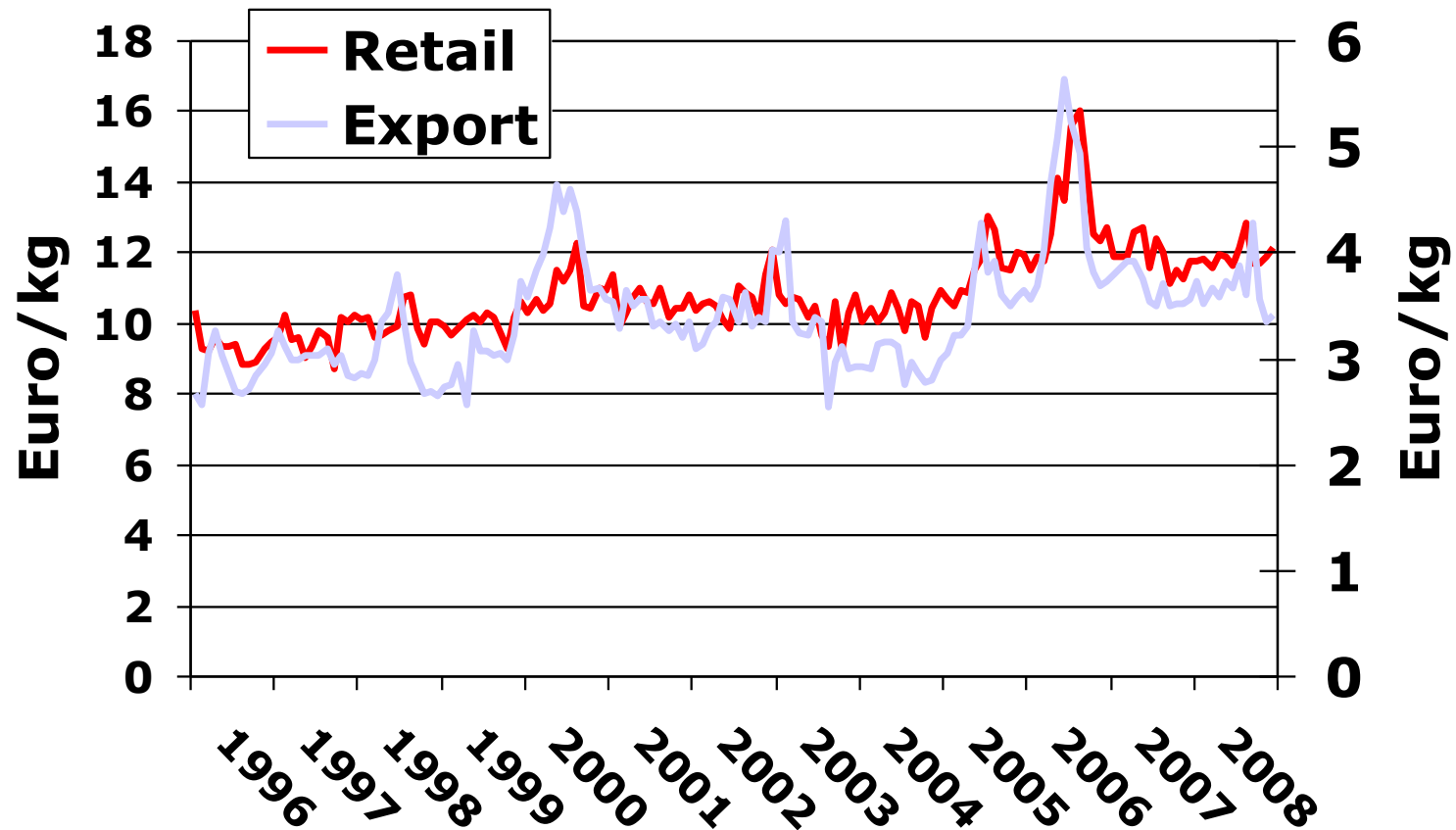
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- It is the total cost of a product that matter for the competitiveness of a product.
- Innovations in the supply chain is as important as innovations in retail and production
- Salmon in Europe is in a shop less then 3 days after it came out of the sea, and is freighted by car
  - First species with reliable delivery of good quality fresh fish independent of distance
  - Air freight (USA, Japan)
  - Icelandic cod
  - Pangasius

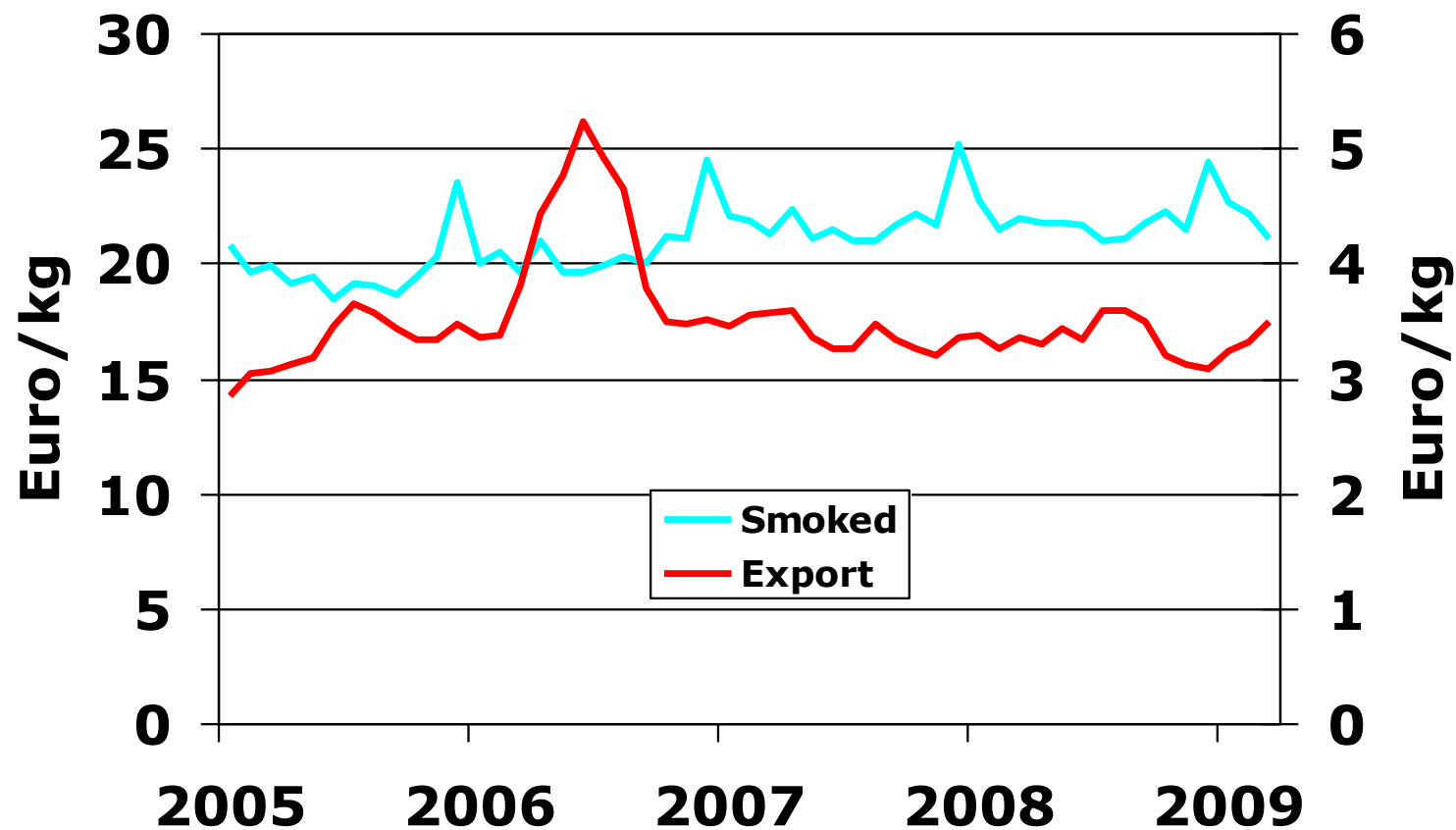
# Norwegian Export price and French retail price for fresh salmon fillets



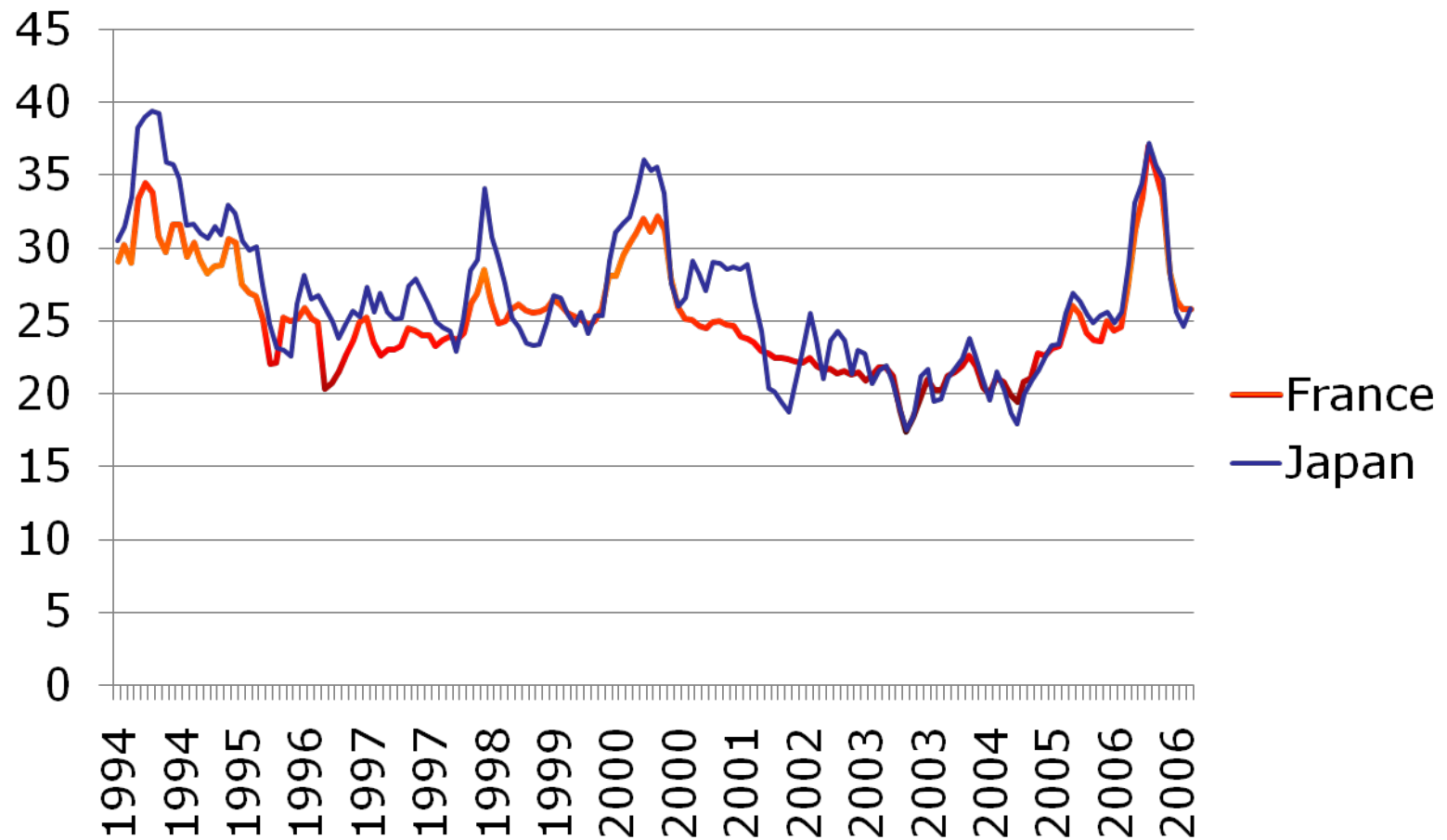
## Norwegian Export price and French retail price for fresh salmon fillets



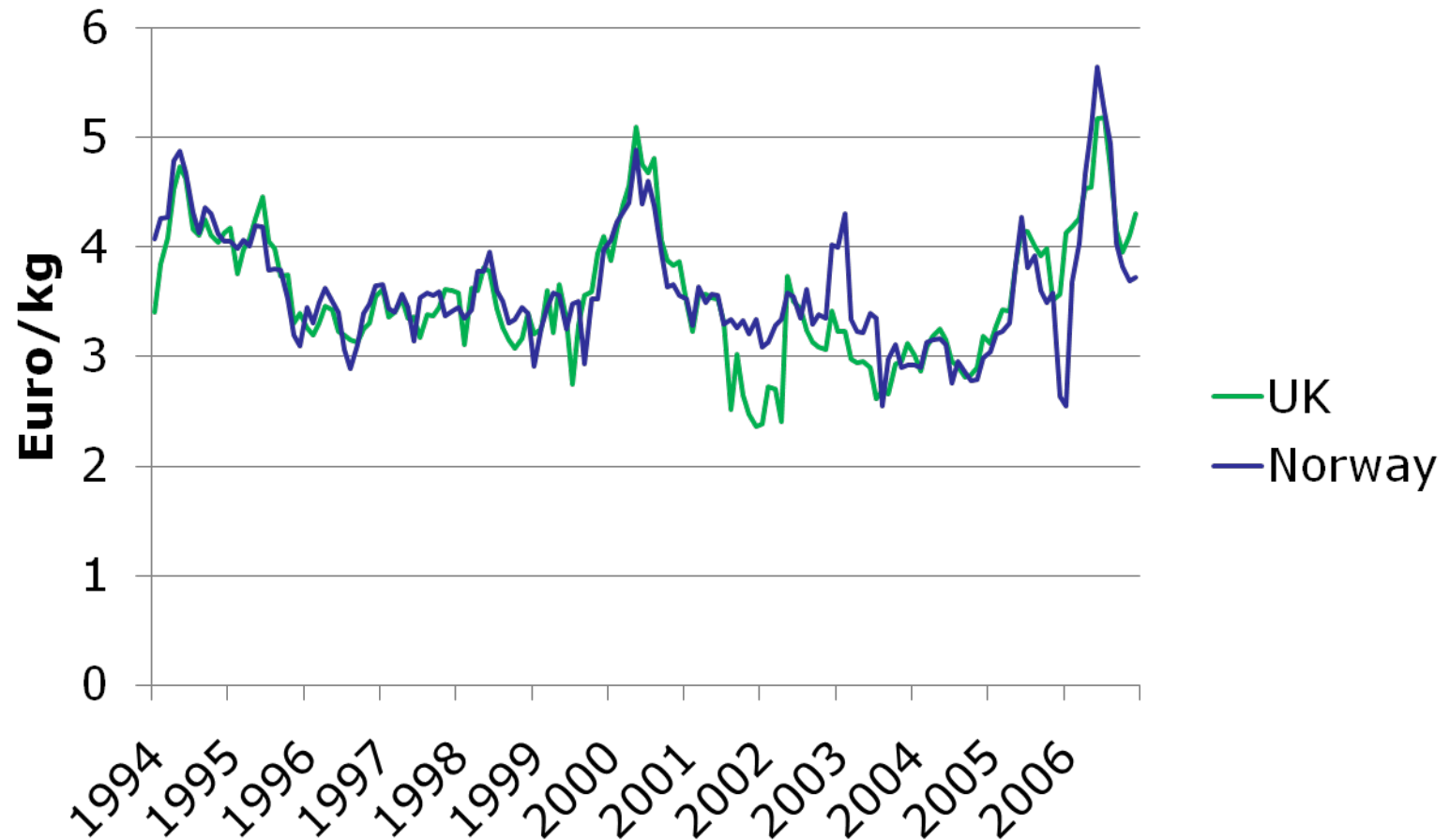
## France, smoked salmon



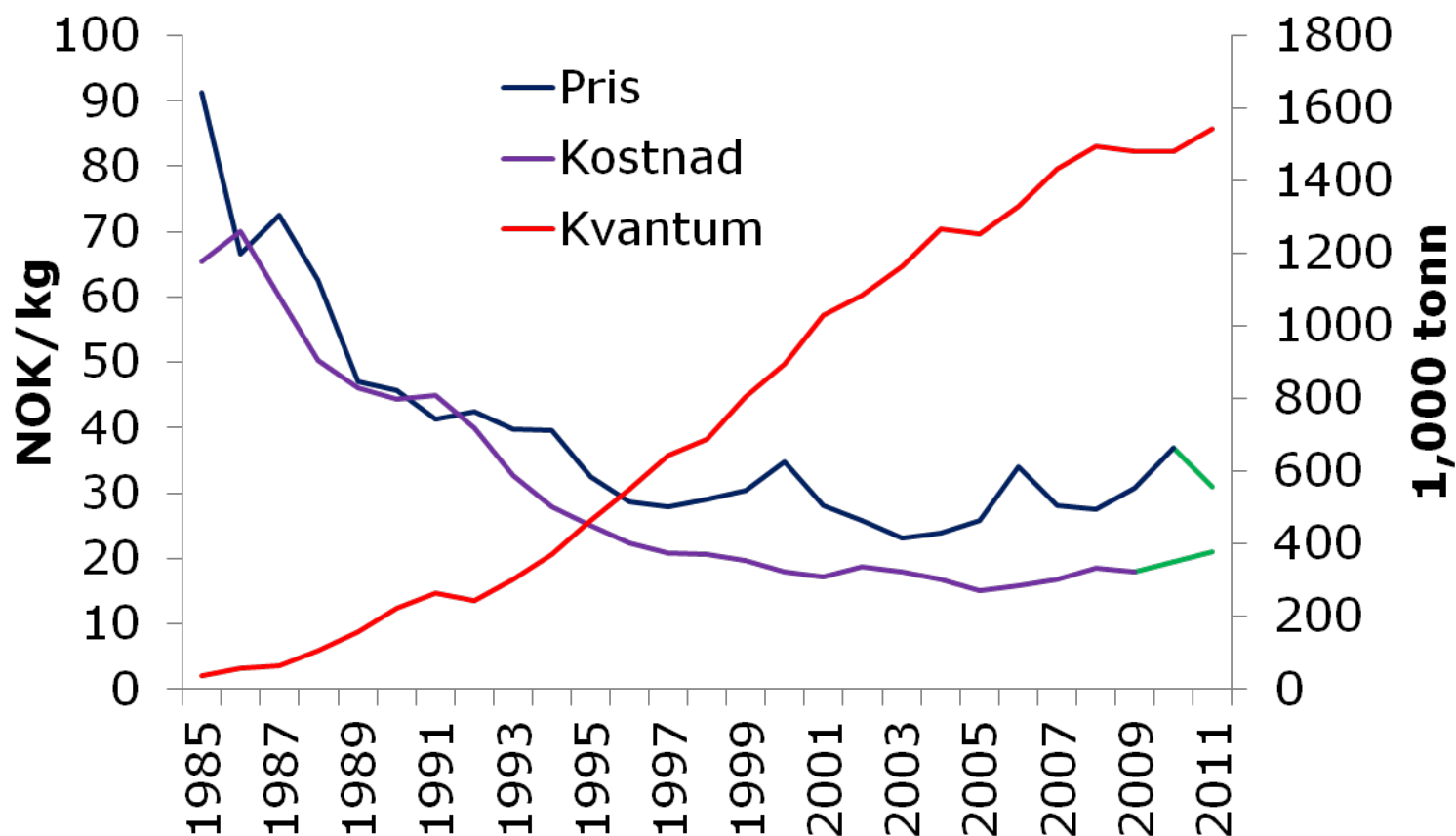
## Norwegian salmon exports: The producers do not care where they sell the salmon



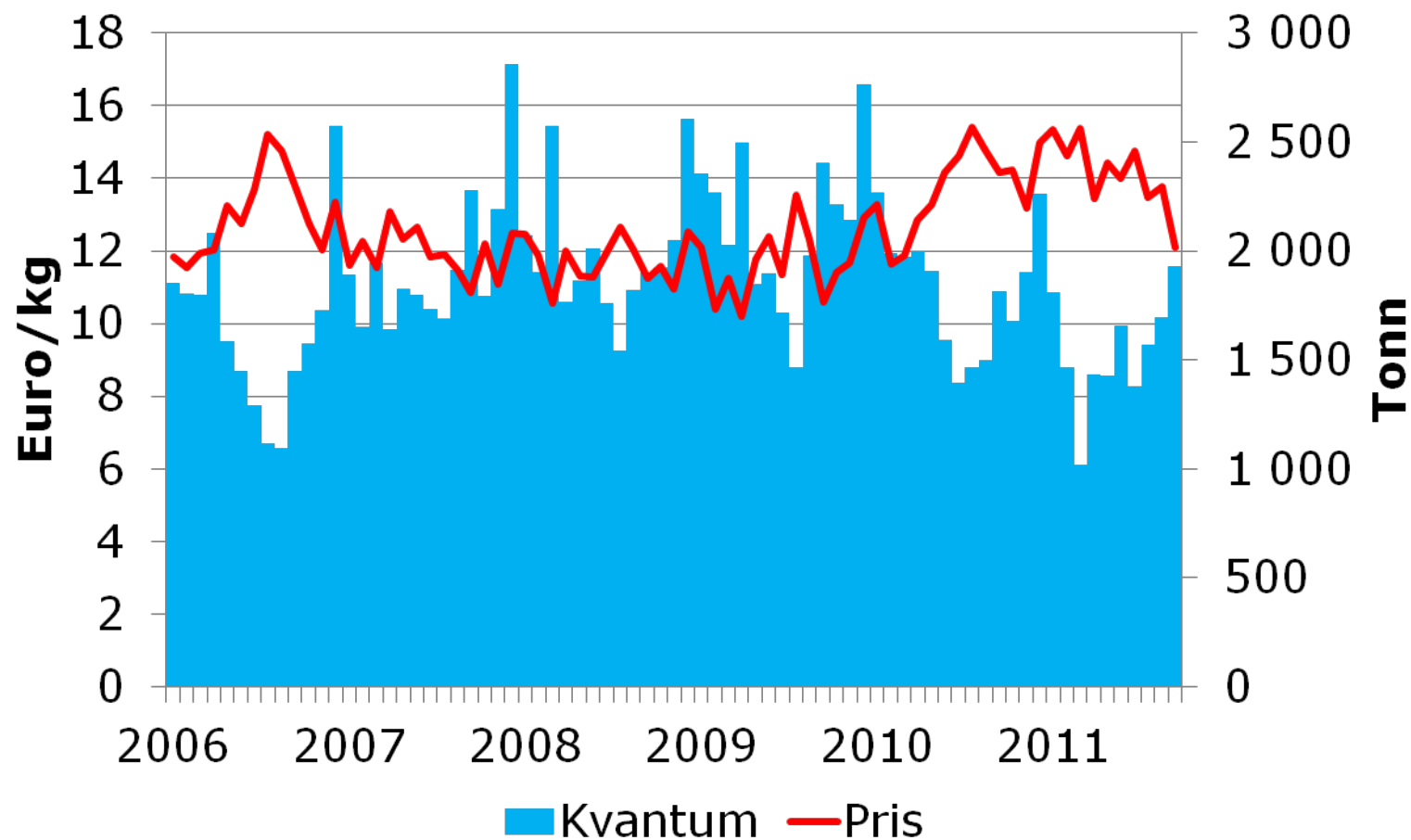
... and French buyers do not care where they get their salmon from



## Inflasjonsjustert norsk eksportpris og produksjonskostnad (2010=1) og global produksjon

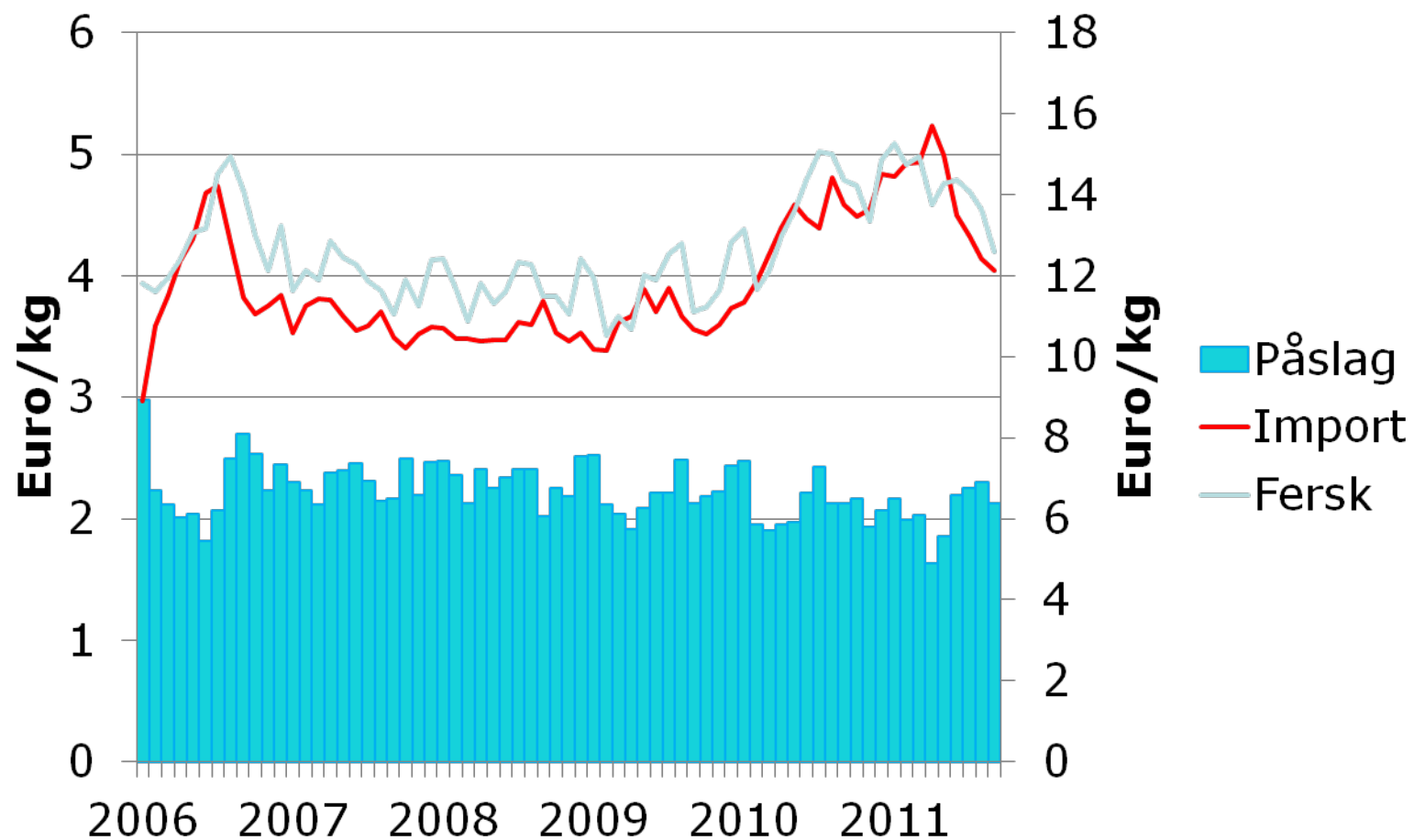


# Retail pris og kvantum, Frankrike Fersk laks

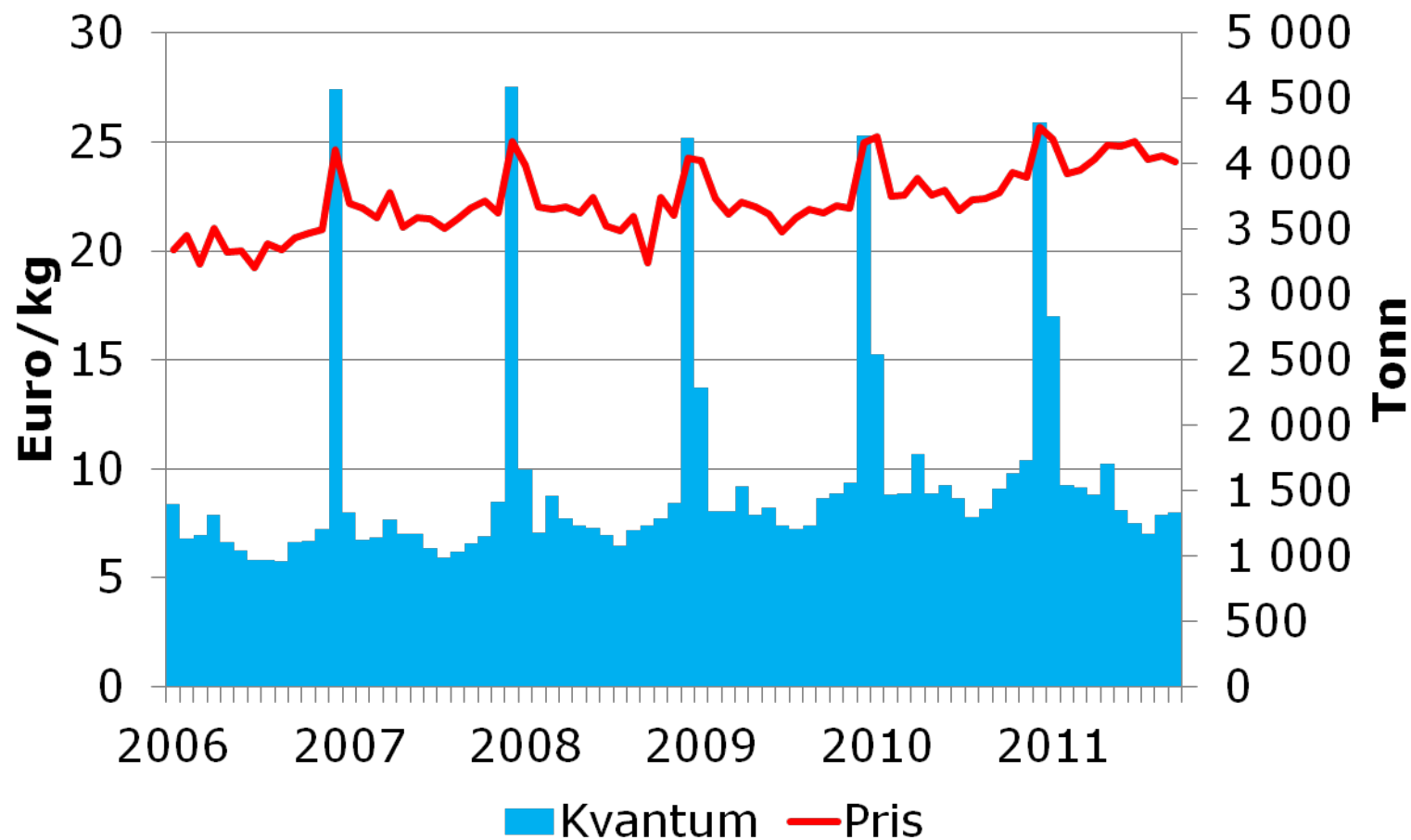




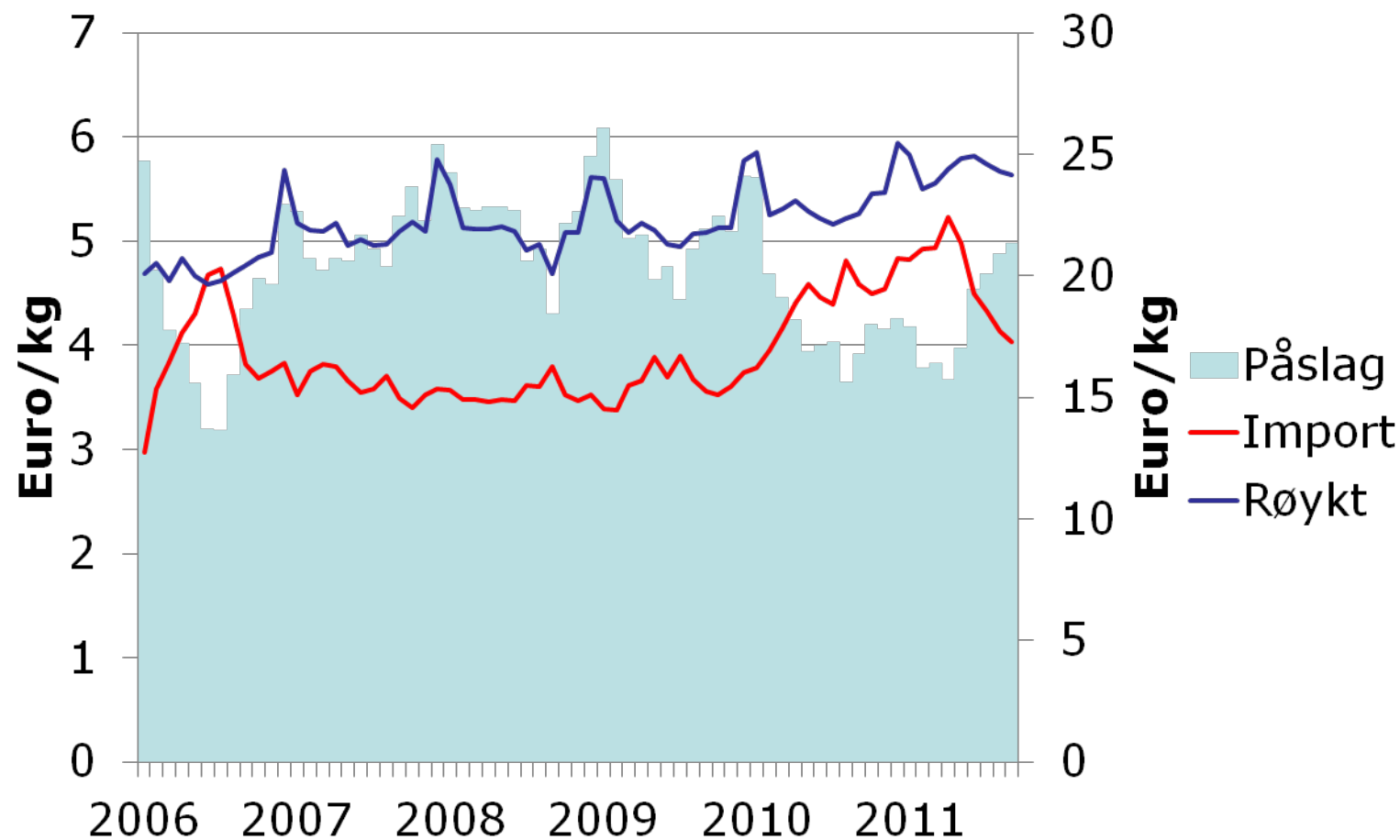
# Detaljistpriser i Frankrike: Fersk laks



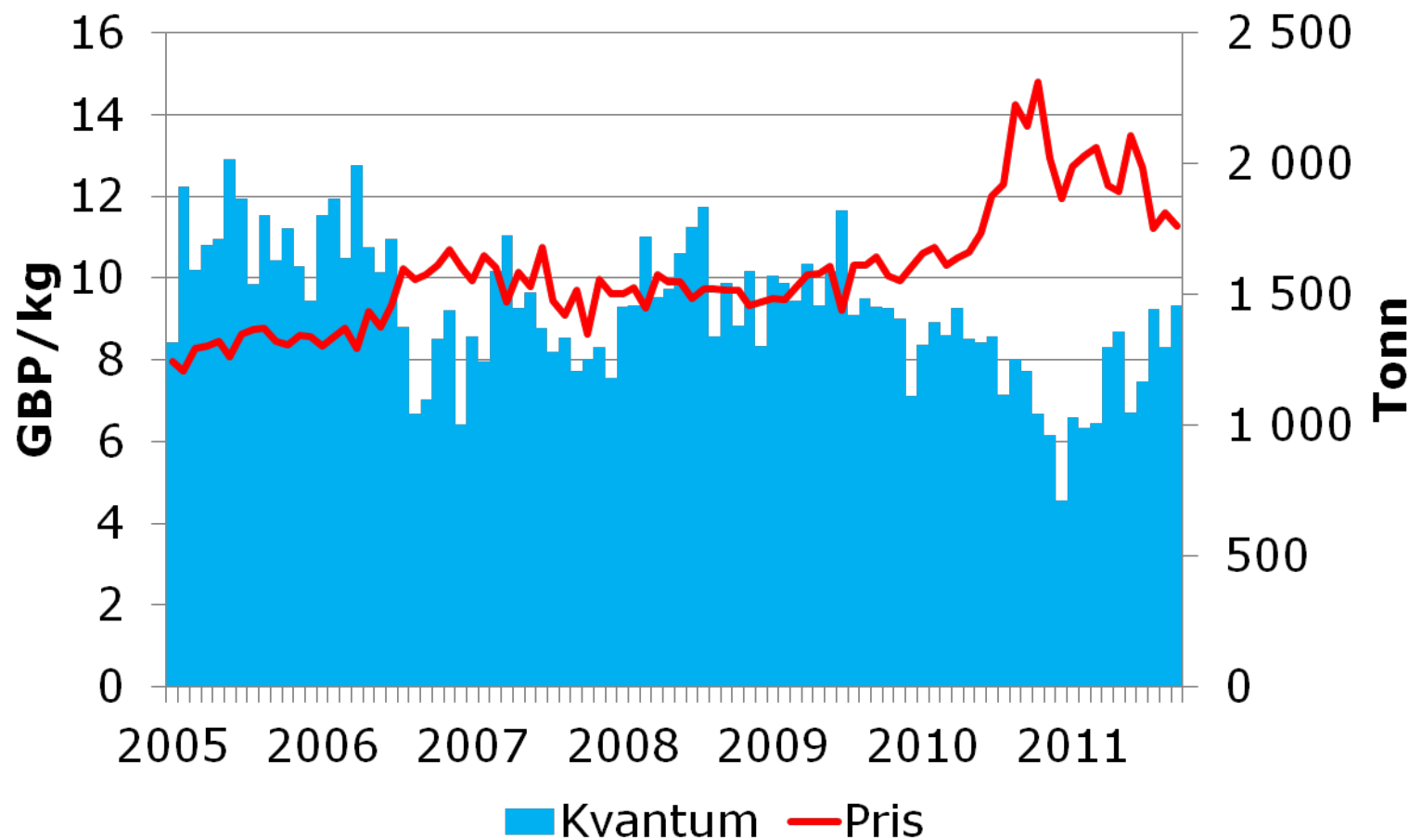
# Retail pris og kvantum, Frankrike Røykt laks



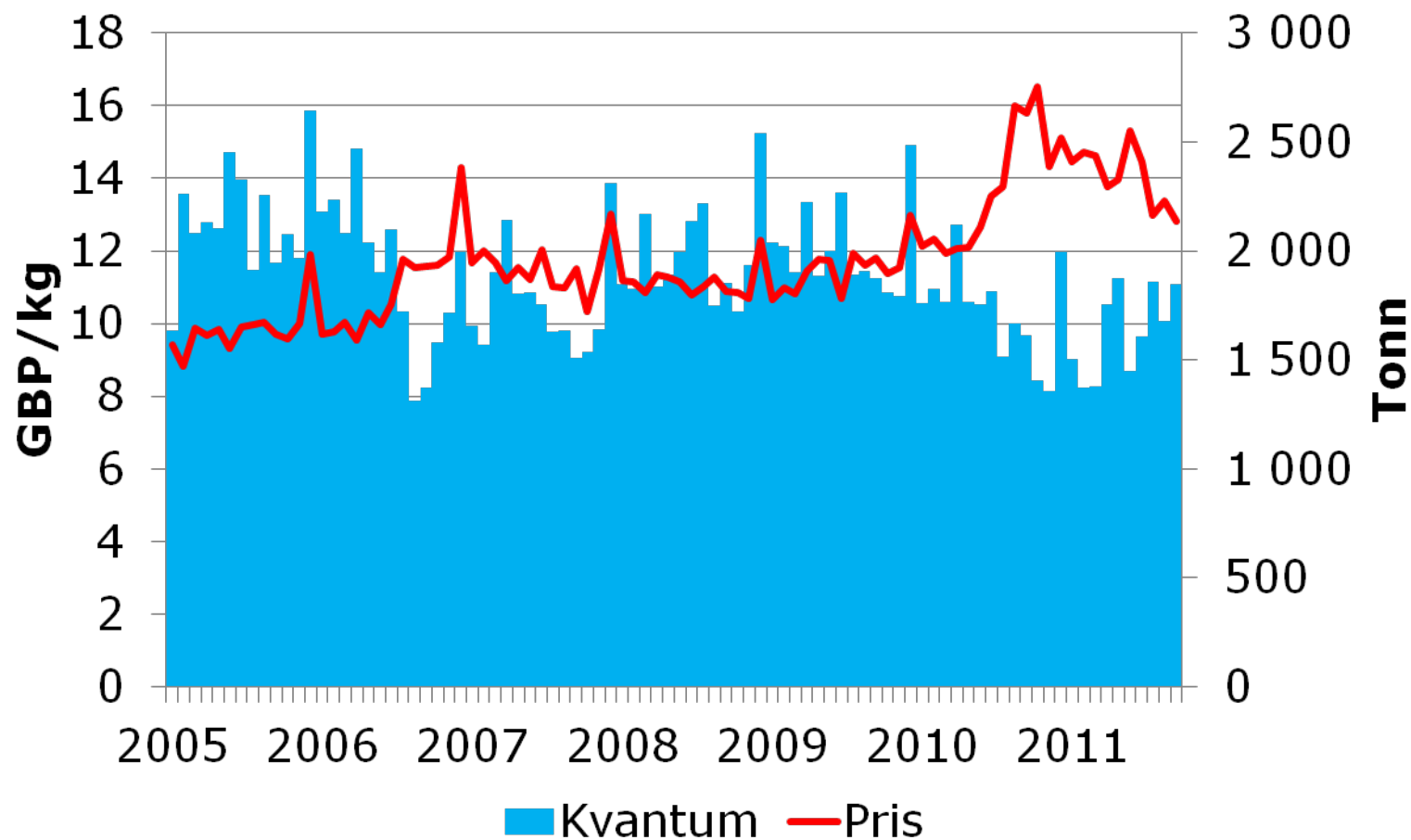
## Detaljistpriser i Frankrike: Røykt laks



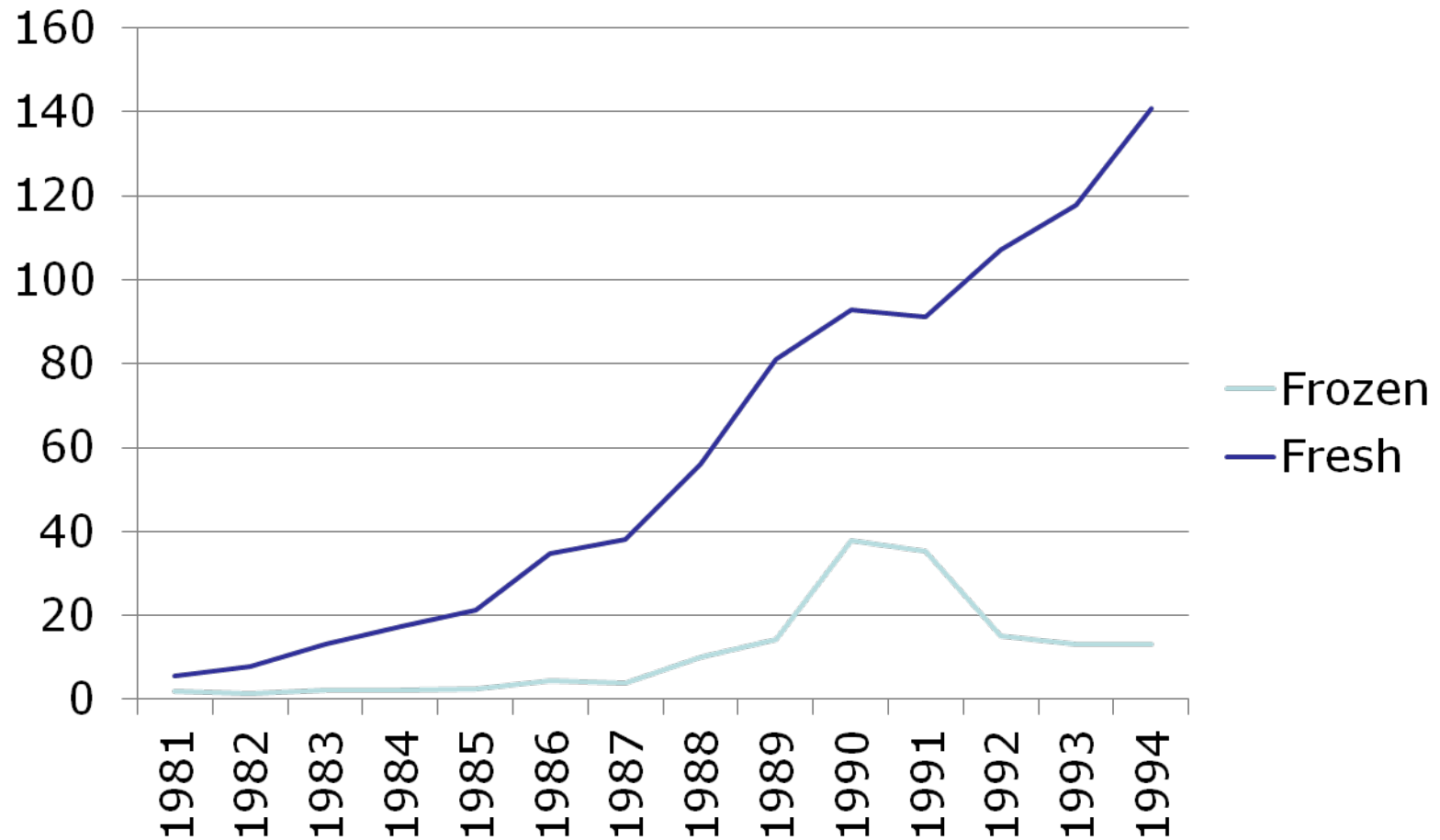
# Retail pris og kvantum, UK Fersk laksefillet



# Retail pris og kvantum, UK Røykt laks



## Norwegian export quantity of salmon...





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## ...and the price

