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GLOBEFISH HIGHLIGHTS

A QUARTERLY UPDATE ON WORLD SEAFOOD MARKETS

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STATISTICS

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About GLOBEFISH

GLOBEFISH forms part of the Products, Trade and Marketing Team of the FAO Fisheries and Aquaculture Department and is part of the FISH INFOnetwork (see below). It collects information from the main market areas in developed countries for the benefit of the world's producers and exporters. Part of its services is an electronic databank and the distribution of information through the GLOBEFISH European Fish Price Report, the GLOBEFISH Highlights, the GLOBEFISH Research Programme and the GLOBEFISH Commodity Updates.

The GLOBEFISH Highlights is based on information available in the databank, supplemented by market information from industry correspondents and from six regional services which form the FISH INFOnetwork: INFOFISH (Asia and the Pacific), INFOPESCA (Latin America and the Caribbean), INFOPECHE (Africa), INFOSAMAK (Arab countries), EUROFISH (Central and Eastern Europe) and INFOYU (China).

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A quarterly update
based on
the GLOBEFISH databank

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GLOBAL FISH ECONOMY

Global fish economy

Global fish production in 2015 is estimated to have increased by 2.6%, with the aquaculture sector continuing to drive supply growth. As of 2014, more than half of the fish we consume is farmed rather than wild caught, and this proportion can be expected to increase steadily in the future. In terms of overall fish prices, the FAO fish price index fell significantly in 2015, as several key traded species saw price declines and weakening demand, especially for aquaculture species. As a result, total trade value for 2015 is forecasted to fall by some 9-10%. p. 2

SHRIMP

World production of farmed shrimp could be 10% lower in 2015 than in 2014 due to falling prices

During the first nine months of 2015, shrimp imports in the USA increased marginally, while the trend was negative in the EU and Japan. In contrast, imports were higher in the growing markets of Asia and the Middle East, supported by lower market prices p. 3

TUNA

Prices for canned tuna remained weak

During the first nine months of 2015, imports of canned tuna remained sluggish in the USA and the EU, despite lower raw material prices, due to bleak demand. In contrast, imports grew in the Middle East, East Asia and in non-traditional markets in Latin America as prices softened. Lower prices also resulted in strong demand for cooked loins by EU canned processorsl. p. 6

GROUNDFISH

Increased groundfish landings forecasted for 2016

For 2016, total groundfish landings are expected to increase by 220 000 tonnes, mostly due to increased landings of Alaska pollock. The cod resources in the Barents Sea are declining slightly, while cod is now returning to grounds off eastern Canada. In terms of prices, cod prices are expected to rise by 14-15% in 2016. p. 11

CEPHALOPDS

Increasing demand for octopus, tighter supplies of squid

Demand for octopus is picking up in major markets. Imports are on the rise in Japan, Spain and Italy, and price increases may be expected. Supplies of giant squid are tightening considerably, and as a result, prices are on the way up. p. 15

TILAPIA

In general, markets flooded with low-value tilapia, demand in the USA remains stagnant

During the first nine months of 2015, national sources report that nearly 170 000 tonnes of frozen tilapia fillets were imported into major markets. Import prices declined in most markets during the period under review. p. 18

PANGASIUS

Asian and Latin American markets remain firmr

Asia and Latin America continue to absorb greater shares of pangasius supplies from Viet Nam, the main producer of this species, and their own domestic production. p. 20

BASS & BREAM

Relative stability of 2015 can serve as platform for development

After a long period of low prices, high costs and near bankruptcy for many bass and bream companies, improved prices in 2015 have brought renewed confidence to the industry. With this stable period expected to continue, there is now a valuable opportunity to invest in much-needed technological innovation and product development. p. 22

SALMON

2015 a successful year for Norway but challenging times for other suppliers

While Norwegian exporters reaped the rewards of high, stable prices and increasing market shares, Chilean, UK and wild salmon producers all suffered to varying degrees in 2015. Consumer backlash, biological issues, unfavourable exchange rate development and oversupply have all contributed to falling revenues and reduced profitability. p. 25

SMALL PELAGICS

Lower mackerel quotas and higher prices

The 2016 mackerel quotas have been reduced by 15%, but still remain well above the level recommended by ICES. With the reduced quota, supplies of mackerel may become tighter, and prices could turn around and strengthen in the near future. The herring fishery is off to a strong start, with larger sizes being caught. Herring prices are on the way up. p. 30

FISHMEAL & FISH OIL

Prices again sky rocketing with the expectation of a strong el Niño

The market has been very quiet due to the largest fishmeal importing country, China, waiting for a further price correction with many buyers putting trade on hold. In the first nine months of 2015, both Peru and Chile recorded the lowest export volumes over the past six years. p. 34

BIVALVES

Positive growth trends for bivalves during the first nine months of 2015

In the first nine months of 2015, imports of bivalves generally grew, reflecting strong global demand. Mussels in Europe were the exception, where purchases declined in several major countries, including the Netherlands, Germany, and Spain. p. 38

LOBSTER

Strong lobster season in 2015

Lobster supplies are up, but prices are barely affected as demand from new markets is growing rapidly. In contrast, European imports are down. p. 42

CRAB

Tighter supplies and rising prices expected

Russia and the USA are preparing to cooperate in order to fight IUU crab fishing. This may lead to tighter supplies as illegal crab could be removed from the market. p. 44

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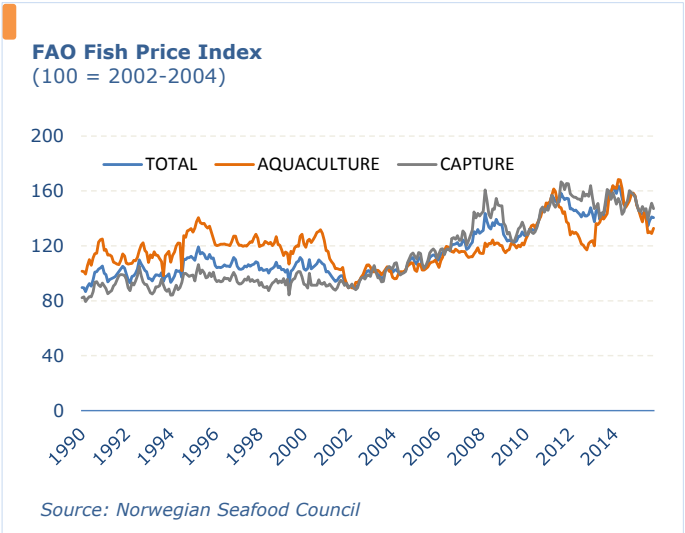
Weaker euro and yen overshadow world fish market

Global fish production in 2015 is estimated to have increased by 2.6%, with the aquaculture sector continuing to drive supply growth. As of 2014, more than half of the fish we consume is farmed rather than wild caught, and this proportion can be expected to increase steadily in the future. In terms of overall fish prices, the FAO fish price index fell significantly in 2015, as several key traded species saw price declines and weakening demand, especially for aquaculture species. As a result, total trade value for 2015 is forecasted to fall by some 9-10%. Strong USD gains, which translates into lower USD prices for species traded in other currencies, also contributed to the value decline.

Economic trends and exchange rate developments were key in shaping global seafood markets in 2015, with the traditional large markets such as the USA leading the way as developing markets faltered after long periods of strong seafood market growth. China has entered a period of serious uncertainty, Russian seafood consumption is suffering from the effects of its continuing trade embargo on fish from certain countries and the Brazilian economy shrunk in 2015. In euro, EU imports (including intra-EU trade) grew marginally in 2015, and this was similar for Japanese imports in yen.

Prices of wild species diverged significantly from those of farmed seafood in 2015, as measured by the FAO fish price index focusing on the major traded species. High-volume wild whitefish species such as Alaska pollock, cod and hake exhibited strong upward price trends in 2015, while other wild species such as scallops and cephalopods also saw good price rises. Yet there were some exceptions in the capture sector. In particular, low raw material prices for tuna – based on good catches and low fuel costs – continued in 2015 despite somewhat of a recovery in the latter half of the year. Meanwhile, plentiful supply of farmed shrimp saw prices fall for exporters in the important US market while the salmon price development was characterized by steep declines in Chile and record high levels in Norway.

For the major producing countries, results in 2015 were mixed. Norway, Europe's major producer, posted record export values in 2015 for both cod and salmon, while China, the world's largest exporter and processor, saw export volumes drop due to a slowdown in the processing sector. In Thailand, lower tuna and shrimp prices pushed export values significantly down in 2015, with other large shrimp supplying countries seeing similar effects. In South America, previous fears that the second anchoveta season would be cancelled due to a strong El Niño phenomenon were proven to be unfounded and the fleet has reported strong catches since mid-November 2015. This has relieved some pressure on fishmeal prices for the time being, but the long-term upward trend will continue to push up feed costs for aquaculture producers and drive them towards alternative ingredients.



Source: Norwegian Seafood Council

The sustainability, quality and safety of the fish we eat is becoming ever more important in the minds of the world's seafood consumers, evidenced by the powerful effect on demand and the negative media coverage of these issues. The US Food and Drug Administration's recent approval of genetically modified salmon for human consumption has stimulated much public debate, with many retailers hesitant to sell the product due to potential consumer backlash.

The broad outlook for the global seafood markets is somewhat uncertain, as wider economic concerns in many key consuming countries will potentially depress consumer demand. Political and social instability in Europe in the wake of terrorist attacks and the migrant crisis represents a further risk factor, while the Russian embargo will continue to reshape global markets as long as it is enforced. For many producers, however, a strong US dollar and a positive outlook for the important US market helps to support a more favourable view of 2016.

WORLD FISH MARKET AT A GLANCE

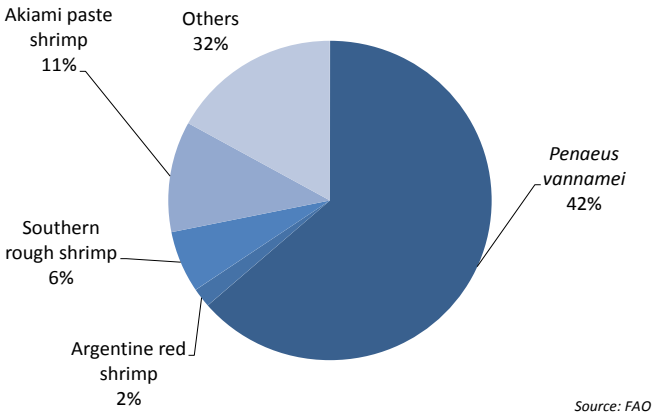
	2013	2014 estim.	2015 fcast.	Change: 2015 over 2014
	million tonnes			%
WORLD BALANCE				
Production	**162.8**	**164.3**	**168.6**	**2.6**
Capture fisheries	92.6	90.0	90.6	0.7
Aquaculture	70.2	74.3	78.0	5.0
Trade value (exports USD billion)	**136.2**	**144.3**	**130.9**	**-9.3**
Trade volume (live weight)	**58.8**	**59.5**	**59.8**	**0.5**
Total utilization	**162.8**	**164.3**	**168.6**	**2.6**
Food	141.0	144.6	147.5	2.0
Feed	16.8	15.0	16.4	9.7
Other uses	5.0	4.8	4.7	-2.1
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption				
Food fish (kg/year)	19.7	20.0	20.1	0.9
From capture fisheries (kg/year)	9.9	9.7	9.5	-2.2
From aquaculture (kg/year)	9.8	10.3	10.6	3.8

Totals may not match due to rounding.

World production of farmed shrimp could be 10% lower in 2015 than in 2014 due to falling prices

During the first nine months of 2015, shrimp imports in the USA increased marginally, while the trend was negative in the EU and Japan. In contrast, imports were higher in the growing markets of Asia and the Middle East, supported by lower market prices.

Shrimp production by species (2013)



Source: FAO

Supply

The estimated production in 2015 of 2 million tonnes of farmed shrimp is a result of reduced aquaculture efforts due to disease problems in China, India, Ecuador, and Viet Nam. In these main producing countries, farmers lowered their stocking density to reduce or avoid disease occurrence.

In Viet Nam, farmers reportedly shifted from vannamei back to black tiger aquaculture due to the supply/demand imbalance for vannamei shrimp. Falling shrimp exports and increased imports into Viet Nam also confirmed lower farmed shrimp production in the country.

In India, tumbling market prices and unfavorable weather conditions impacted farmed production in 2015, which could be as much as 10-20% lower than in 2014. The situation is no better in Indonesia, where lower demand for shrimp feed and reduced exports to some important markets are indicators of falling production volumes during the second half of 2015.

Thailand was the exception to the rather somber situation of shrimp farming in Asia with production increasing in 2015 for the first time since 2012 to 260 000 tonnes. This trend is forecasted to continue in 2016, with production estimated to increase by 10%.

In Ecuador, Latin America's top shrimp producing country, farmers reduced stocking density beginning in September 2015 to avoid disease issues. In Mexico, the disease situation has weakened, and farmed shrimp production recovered to reach 80 000-85 000 tonnes in 2015, compared with 70 000 tonnes in 2014.

In general, raw material prices in Asia have started to increase beginning in December 2015 as the aquaculture industry is in the low production season from November 2015 through April 2016.

In Argentina, 2015 was a record year for shrimp catches with 140 000 tonnes landed, representing an increase of 10% over 2014. This increase in landings, coupled with the strength of the USD and the Chinese economic crisis has had a negative effect on prices, which have maintained a downward trend for all of 2015. This negative trend is likely to continue well into 2016, as inventories are high with the previous year products and there have already been strong catches in 2016.

Import and export trends

Despite a softer price trend in international trade, shrimp imports in the traditional developed markets remained disappointing during January-September 2015 compared with the same period of 2014. Shrimp imports rose marginally in the leading market, the USA, by only 2.1% and declined by 1.6% to the EU (during January-August 2015) and by 3.4% in Japan, as both markets were affected by lower currency values. There was a notable 20% fall in Australian imports for a similar reason. However, there were higher imports into the Republic of Korea (+11.6%), China (+24%), Taiwan PC (+11%) and Canada (+22%).

Chinese imports/exports of shrimp

	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
IMPORTS						
Ecuador	1.0	3.7	3.6	5.1	13.9	15.2
Canada	9.3	9.1	10.1	10.7	11.6	15.6
Thailand	8.2	4.6	7.1	6.6	5.2	7.1
Others	20.6	19.5	14.8	22.6	23.3	28.9
Total	**39.1**	**36.9**	**35.6**	**45.0**	**54.0**	**66.8**
EXPORTS						
USA	30.6	29.3	27.0	23.6	24.7	23.5
Japan	26.3	46.3	30.4	23.6	23.9	18.0
Hong Kong SAR	13.8	13.6	13.2	18.7	16.4	12.3
Others	112.5	119.8	121.8	121.4	94.5	70.8
Total	**183.3**	**209.0**	**192.3**	**187.4**	**159.5**	**124.6**

Source: China Customs

Viet Nam remained an attractive market for frozen shrimp, where imports almost doubled during the review period.

Compared with 2014, shrimp exports from the top two global sources, India and Ecuador, increased by 10% and 15% respectively at 280 000 tonnes and 257 000 during the first nine months of 2015. However, export revenues were lower due to the weak market prices.

For India, the leading export markets were the USA, Viet Nam, the EU, Japan and China. Indian exports increased to Kuwait, Qatar and Egypt in the Middle East and to neighboring Sri Lanka and Maldives. For Ecuador, Viet Nam was the top export market followed by the EU, the USA, China and the Republic of Korea. It is interesting to note increased exports from this source to non-traditional Asian markets.

For the first nine months of 2015, exports also increased from Thailand (+3.4%), dominated by value-added shrimp. Indeed, in the US and Japanese markets, 63% and 66% of shrimp exports from Thailand consisted of prepared shrimp products. There were lower exports (-22%) by China, while in Viet Nam, exports were estimated to be 175 000-180 000 tonnes during the review period, also a substantial decline over 2014.

Japan

Lower prices of farmed shrimp have strengthened demand in the retail and catering trade in Japan since mid-2015. Japanese supermarkets started promotional campaigns of tropical shrimp in July/August as well as in December as part of year-end sales. Demand for large sizes of vannamei, black tiger and sea-caught shrimp were also strong in the catering trade, with domestic inventories of these products low. In December 2015, export prices of 16/20 counts headless black tiger shrimp from India were USD 10.50 per kg, which was more than USD 1.00/kg cheaper than a year ago.

Despite lowering prices, total shrimp imports in Japan during January-September 2015 declined by 3.3% compared with the same period in 2014. Imports for prepared shrimp and sushi shrimp with rice did increase by a notable 21% compared with the same period in 2014. These trends also continued in October 2015. Thailand and Viet Nam were the leading suppliers of value-added shrimp in Japan.

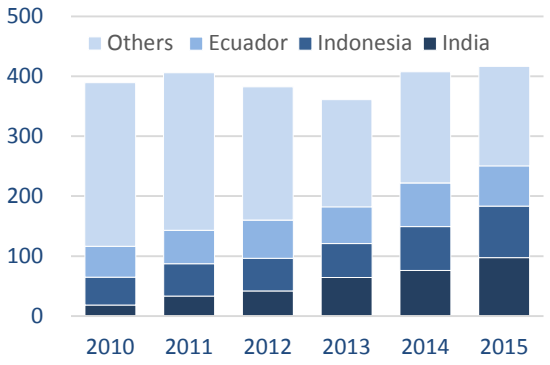
USA

The US shrimp market remained shaky throughout 2015 due to unstable wholesale prices while inventories remained high in local distribution channels as well as with importers. In addition, Mexican wild brown shrimp inventories are still being carried over from last season's production. Weak prices for US domestic wild production persisted and more shrimp is expected in the coming months from Mexico and Latin America. Subsequently, importers remained conservative despite a general weakening in import prices.

Total import value of shrimp in the USA fell by 18.4% during the first nine months of 2015 compared with the same period in 2014. Quantitatively, imports increased by 2.1% during this period. Among the top sources, suppliers increased from India, Indonesia and Thailand but declined from Ecuador and Viet Nam.

There was a 3% decline in shell-on shrimp imports, while

Top exporters of shrimp to the USA
Unit: 1 000 tonnes, Jan-Sep



Source: NMFS

Japanese imports of shrimp (by product)

	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Frozen, raw	144.5	139.7	137.0	131.4	109.2	104.0
Cooked, frozen	15.4	16.5	17.5	18.1	14.4	13.7
Prepared/preserved*	33.5	35.4	35.7	34.1	25.7	26.7
Sushi (with rice)	1.4	2.4	1.7	1.8	1.3	1.7
Total	**197.6**	**196.9**	**194.5**	**187.4**	**152.4**	**147.1**

Source: Japan Customs/INFOFISH

US imports of shrimp (by product)

Product	Jan-Sep							
	2012		2013		2014		2015	
	1 000 tonnes	mill USD	1 000 tonnes	mill USD	1 000 tonnes	mill USD	1 000 tonnes	mill USD
Shell-on shrimp	94.7	777.1	142.7	1 374.2	154.3	1 723.4	159.5	1 431.0
Peeled frozen	90.5	821.2	143.3	1 374.0	166.1	2 036.3	165.1	1 579.9
Other frozen	33.8	330.8	46.5	501.6	53.6	742.4	53.1	597.5
Breaded	18.4	125.1	26.5	184.9	29.6	255.1	32.9	254.3
Other prep.	1.3	7.3	1.8	10.4	1.6	9.5	1.6	9.0
Other products	1.2	7.8	2.6	33.3	2.7	35.4	4.8	47.0
Total	**239.8**	**2 069.3**	**363.4**	**3 478.4**	**407.6**	**4 803,5**	**416.3**	**3 918,9**

Source: NMFS

peeled shrimp imports increased marginally in the USA. These two product groups had a 77% share in US total shrimp imports during the first nine months of 2015. Imports of breaded shrimp and some other prepared shrimp items increased slightly, reflecting a general rise in market demand. Since the fourth quarter of 2015, some positive movements in consumption have been observed. During the year-end and New Year sales period, shrimp prices were firm at the wholesale level.

EU

Throughout 2015, overall demand in EU shrimp trade remained weak even with lower import prices, especially as the prices expressed in euro were going up. Extra-EU imports of shrimp into the community market declined by 1.6% during January-August 2015, compared with the same period in 2014. Supply trends from the top five exporters to this market were mixed during this period. Supplies increased from Ecuador, Argentina and Viet Nam, but declined from Greenland and India.

Among the top five individual markets in the EU, shrimp imports during the review period increased in Spain by 8%, in France by 23.7%, but declined in UK by 6% and in the Netherlands by 4.4% and Italy by .6% compared with the same time period in 2014.

In the non-EU markets, imports also remained weak during the reporting period. Imports were lower in Switzerland and Norway by 10.5% and 1.3%. There was a large slide (-60%) in Russian shrimp imports to total only 14 598 tonnes during the first nine months of 2015 compared with the same period a year ago, mainly due to the food embargo enforced by Russia during the period.

EU imports/exports of shrimp

	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
IMPORTS						
Ecuador	50.0	64.9	63.0	57.2	61.8	64.8
India	36.1	37.7	35.9	40.9	54.8	50.1
Greenland	47.2	46.1	39.7	40.6	36.1	29.1
Argentina	26.5	31.4	23.1	27.1	29.2	35.9
Viet Nam	23.3	28.4	22.4	21.7	28.8	32.2
Others	334.0	336.6	311.1	277.7	274.2	260.5
Grand Total	**516.9**	**545.1**	**495.3**	**465.2**	**484.9**	**472.6**
Total Intra Imports	**127.1**	**130.9**	**120.4**	**117.8**	**118.8**	**112.1**
Total Extra Imports	**389.8**	**414.3**	**374.9**	**347.4**	**366.1**	**360.5**
EXPORTS						
Grand Total	**235.0**	**245.1**	**218.5**	**212.8**	**207.6**	**201.5**
Total Intra Exports	**169.8**	**184.8**	**166.6**	**160.4**	**158.0**	**153.1**
Total Extra Exports	**65.2**	**60.3**	**51.9**	**52.4**	**49.6**	**48.4**

Source: EUROSTAT

Export prices of shrimp declined sharply in the European market during November/December 2015, partly as a result of the Paris terrorist attacks. The relative strength of the US dollar, especially during early December 2015, has been favouring countries, such as Ecuador, India and Indonesia, quoting in dollars. Demand from the market is focused on middle and smaller sizes due to high prices for larger sizes. Nonetheless, demand in the post New Year market remains sluggish.

Asia and other markets

Lower shrimp prices created better import demand for shrimp in many Asian markets. During the first nine months of 2015, there were increased imports in Viet Nam, Republic of Korea, China and Taiwan PC compared with the same period a year ago. There were also higher imports in the Middle Eastern markets of Saudi Arabia, United Arab Emirates (UAE), Kuwait, Oman, and Egypt during this period.

Viet Nam continued to be an important outlet for Asian and Latin American farmed shrimp producers. Trade data available from supplying countries confirms large imports of frozen shrimp in Viet Nam (nearly 150 000 tonnes) during the review period of January-September 2015 against 77 000 tonnes imported during January-September 2014. This growth makes Viet Nam the number one importer of frozen shrimp in Asia. A large share of imported shrimp in Viet Nam is reexported to China through border trade, although official data from China indicated only 643 tonnes of imports from this source during the review period.

In Southeast Asian markets, shrimp prices have increased significantly during 2015. For example, prices of head-on fresh shrimp in the Malaysian retail trade have almost doubled in 2015, while supplies continue to be lower from domestic sources.

Shrimp prices in China's domestic market are much higher than those in the global market, and as a result, Chinese farmers are more willing to sell live shrimp to local consumer markets than to processing plants.

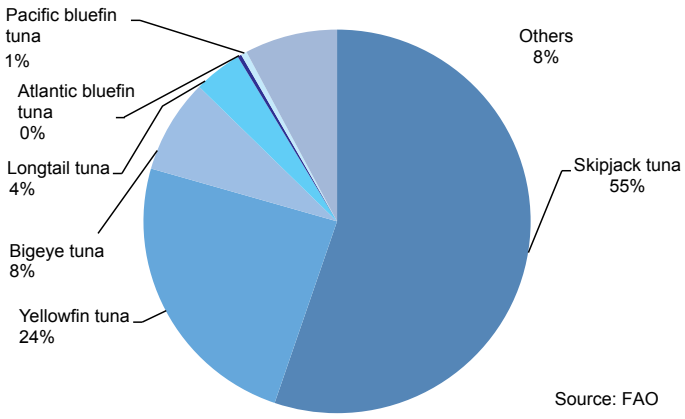
Outlook

In general, farmed shrimp supply will be low in Asia until the new season's harvest is available, at the earliest in April. Meanwhile, demand in Southeast Asia is already growing with strong prices in response to the Lunar New Year demand in February. In most of the producing countries in Asia, raw material prices have bottomed out and have started to increase. Improved consumer demand has been observed in the USA and Japan since late 2015. As a result of all of these trends, the market is likely to show positive signs in 2016. In contrast, the European market is well supplied, especially with heavy shrimp landings from Argentina, so no price increases are likely for the first quarter of 2016.

Prices for canned tuna remained weak

During the first nine months of 2015, imports of canned tuna remained sluggish in the USA and the EU, despite lower raw material prices, due to bleak demand. In contrast, imports grew in the Middle East, East Asia and in non-traditional markets in Latin America as prices softened. Lower prices also resulted in strong demand for cooked loins by EU canned processors.

Tuna prodution by species (2013)



Source: FAO

Supply

As of December 2015, fishing in the Western and Central Pacific slowed down slightly while Thai canneries reported healthy raw material inventories.

With the end of seasonal FAD and 'veda' closures, tuna landings in the Pacific Ocean region improved beginning in late October. However, slow demand from tuna canners worldwide pushed skipjack prices below USD 1 000 per tonne in December 2015, compared with USD 1 150 in the same month of 2014 and USD 1 400 in 2013. Yellowfin prices have remained stable.

Fishing in the Atlantic Ocean continues at a moderate-to-good level while local canneries report healthy raw material inventories. A slight increase in demand has helped to raise European prices for whole tuna while prices for tuna loins have stayed firm. In general, frozen skipjack prices remained 15-20% lower in 2015 compared with 2014.

Weak demand for canned tuna in the USA and the EU has led to a significant decline in frozen raw material imports into Thailand, the world's largest tuna canning producer. Indeed, during January-September 2015, frozen tuna imports into Thailand were 20% lower at 574 382 tonnes (-140 800 tonnes) compared with the same period in 2014. However, imports of semi-processed cooked loins to Thailand increased by 12% compared with the same period in 2014. China, Viet Nam and Indonesia were the leading suppliers.

In contrast, during the review period of January-August 2015, total tuna raw material imports almost doubled to the Philippines at 84 115 tonnes compared with the same period last year. This growth took place despite a 27.6% decline in total Fillapino exports of canned tuna, which could be attributed to a strong domestic market for the product. Despite this general decline, Fillapino exports to the EU increased by 17% during this period facilitated by the lower tariff rate from the Philippines. The Phillippines also reported higher imports of yellowfin (+124%) at 30 000 tonnes, mostly meant for export processing of cooked loins to the EU as well as to Thailand.

Also during the first nine months of the year, frozen tuna imports into Ecuador totalled 43 554 tonnes, which is 2% less compared with the same period in 2014. Frozen yellowfin imports fell by 7%.

For export processing of cooked loins and canned tuna, China imported nearly 70 000 tonnes of frozen skipjack, yellowfin and albacore during this period, compared with over 61 000 tonnes during the same time period in 2014.

Lower tuna prices, particularly for skipjack, induced imports of cooked loins among European canners for processing higher value products. EU imports of cooked skipjack loins totaled 43 639 tonnes during January-August 2015.

Non-canned tuna markets (fresh and frozen)

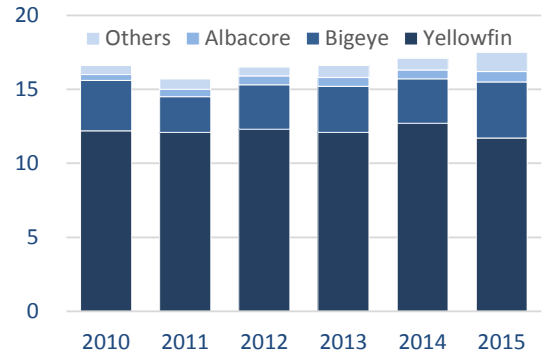
USA

The growing positive trend for non-canned tuna in the US market continued during the January-September 2015 period, with growth reported for US imports of high value bigeye and bluefin tuna. In addition, US imports of fresh tuna remained higher than Japan's, which is notable as Japan is the world's largest sashimi market.

Japan

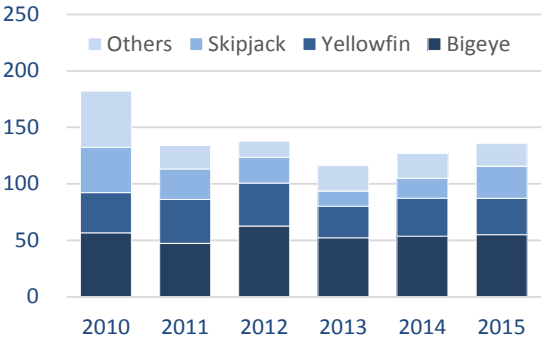
Demand for sashimi tuna in Japan improved for a short period during the summer holiday season with stronger preference for the cheaper and shelf-stable frozen bigeye. Meanwhile, the weak yen has had negative impacts on tuna imports in general and during the first nine months of

US imports of fresh tuna (by species)
Unit: 1 000 tonnes, Jan-Sep



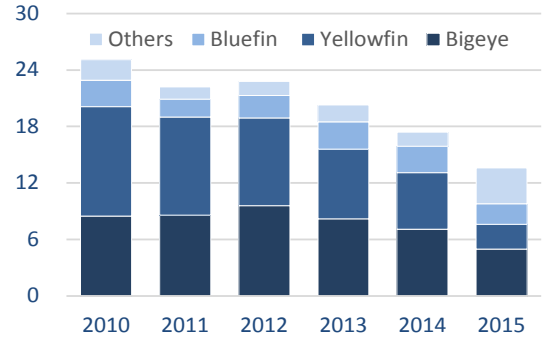
Source: NFMS

Japanese imports of frozen tuna (by species)
Unit: 1 000 tonnes, Jan-Sep



Source: INFOFISH

Japanese imports of fresh/chilled tuna (by species)
Unit: 1 000 tonnes, Jan-Sep



Source: INFOFISH

2015, fresh tuna imports declined significantly compared with the same period in 2014, with sharp drops in yellowfin and bigeye supplies. Competition has also been strong from the cheaper and popular salmon in the supermarket trade, where salmon sales seem to be exceeding sales of sashimi tuna.

Japanese tuna landings (by species and fresh/frozen)

	Jan-Sep					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
	(1 000 tonnes)					
Bluefin						
Fresh	1.0	2.5	1.0	1.9	2.2	2.6
Frozen	1.0	0.6	0.9	0.8	1.3	2.2
Albacore						
Fresh	25.6	28.4	37.3	32.4	31.5	30.5
Frozen	15.8	15.4	21.0	19.5	15.6	10.6
Bigeye						
Fresh	2.9	2.8	2.9	2.2	2.5	2.0
Frozen	12.8	11.3	14.9	17.4	18.1	20.8
Yellowfin						
Fresh	8.0	7.3	6.9	6.0	4.1	5.4
Frozen	4.6	4.6	27.4	17.4	21.4	23.6
Skipjack						
Fresh	57.7	39.6	39.1	57.8	43.7	50.5
Frozen	163.6	148.6	165.2	157.6	154.5	135.2
Total Fresh	**85.2**	**80.8**	**87.1**	**100.3**	**84.0**	**91.0**
Total Frozen	**208.9**	**180.5**	**229.5**	**212.7**	**210.8**	**192.4**

Source: INFOFISH

Frozen tuna imports increased by 6% year-on-year during the January-September 2015 period, due to improved demand for the cheaper bigeye. Lower prices of skipjack also supported higher demand from *katsuobushi* (dried skipjack) and canned tuna processors in Japan.

China

It is interesting to note some positive development in China's non-canned tuna market. Although less significant in volume, Chinese imports of high-value fresh bluefin tuna increased from 52 tonnes in 2014 to 85 tonnes during January-September 2015.

Canned tuna

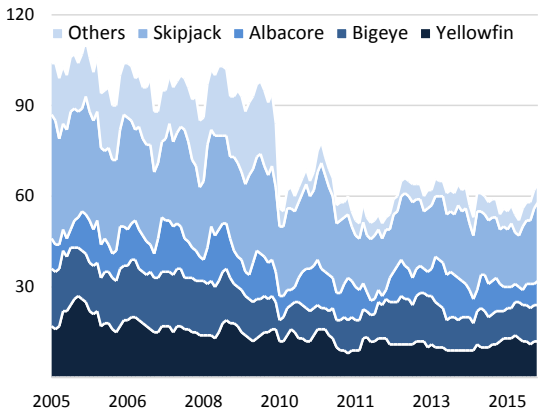
Exports

During the first three quarters of 2015, Thailand, Ecuador and Spain were the top exporters of canned and prepared tuna followed by China, the Philippines and Indonesia. Among these countries, exports increased only from Indonesia and declined in all others compared with the corresponding period in 2014.

In Ecuador, exports declined by 13.2% to 131 846 tonnes during the review period. The EU was the largest importer, taking a 56% share, though grew only marginally by 1.4% to total 74 307 tonnes. Of this total, 37% was comprised of cooked loins. Supplies of cooked loins to the main market, Spain, increased by 55% reaching 22 196 tonnes. In terms of other important markets, exports increased to the UK (+20%), USA (+19%) and Argentina (+18%) but declined to Colombia and Chile.

Japanese coldstorage holdings of tuna (by species)

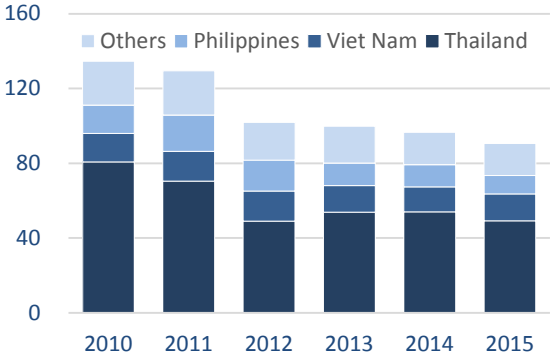
Unit: 1 000 tonnes



Source: INFOFISH

Top exporters of canned tuna to the USA*

Unit: 1 000 tonnes, Jan-Sep



Source: NFMS, *Excludes pouches

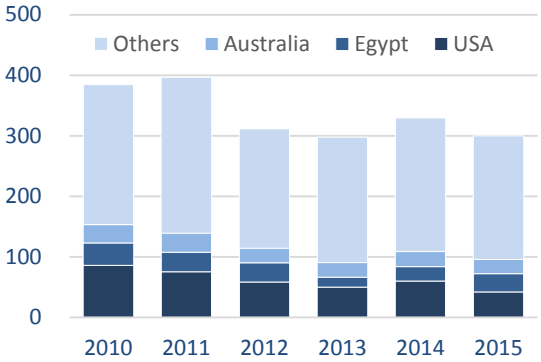
In China, exports of prepared and canned tuna fell by 2.7% to total 59 085 tonnes during January–September 2015. The Philippines reported significantly lower export volumes, down 27% to total just 58 386 tonnes.

With a stronger focus on Middle Eastern and Asian Pacific markets, Indonesian exports increased by 3.5% to reach 47 470 tonnes during the first eight months of 2015 against the same period in 2014. Exports increased to the number one destination the EU (+15%), followed by Saudi Araba (+12%), the USA (7.5%), and Australia (+63.3%), but declined to Japan (-13.6%).

During the reporting period of January-September 2015, exports of prepared and canned tuna from Thailand under the HS 160414 category declined by 5.5% in quantity to total 420 514 tonnes. In value terms, the decline was sharper by -16.4% to total USD 1.48 billion compared with USD 1.77 billion for the corresponding period in 2014, due to global price softening. Top export destinations in value terms included the USA, Australia, Japan, Egypt and Canada. Whereas in quantity terms, the ranking of export destinations changed to the USA, Egypt, Australia, Japan and Saudi Arabia. For total exports of prepared tuna, nearly 300 000 tonnes were canned tuna, with this total consisting of cooked loins, pouched and other value-added tuna products.

Top importers of canned tuna from Thailand*

Unit: 1 000 tonnes, Jan-Sep



Source: Thai Customs, *HS16041411000

Imports

During January-September 2015, the average price of canned tuna in the international market was lower than in 2014 but this did not revive import demand from the two largest markets, the USA and the EU. However, there were higher imports of cooked tuna loins into the EU meant for reprocessing.

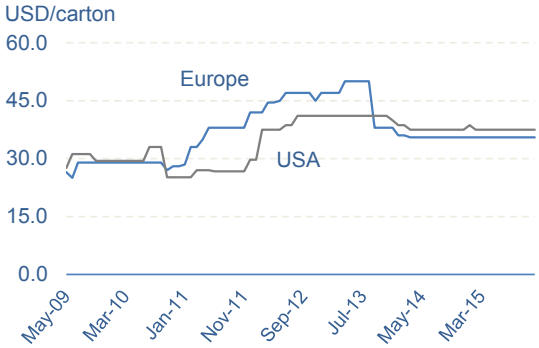
Even with a 10% decline in total canned/prepared tuna imports, the USA remained the top import market under this category followed by Spain (+24.6%), Italy (-13.7%), the UK (+7.4%), France (-6.5%), and Germany (+15.6%). It is important to note that under the HS 160404 code of preserved tuna, cooked tuna loins are grouped into this code and most of the Spanish and Italian imports from external EU countries consisted of cooked tuna loins for further processing.

There were higher imports of canned tuna in Canada, the Middle East (Egypt, Saudi Arabia, UAE, Kuwait, Oman), Japan, Hong Kong SAR, Taiwan PC and Australia, which could be attributed to lower skipjack prices.

USA

Lower US imports of canned and prepared tuna during the first nine months of 2015 is a reflection of generally weaker consumer demand in the market. Despite the relatively softer prices of tuna raw material, particularly frozen skipjack, imports declined year-on-year by almost 10% in quantity and 12.3% in value during the nine month period. Among the top five sources, including Thailand, China, Ecuador, Viet Nam and the Philippines, supply increased only from Ecuador (+28%) and Viet Nam (+6%) while declining from others.

Prices
Tuna: USA and Europe



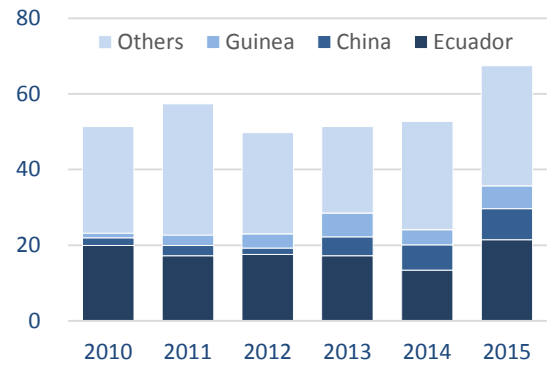
*Canned tuna, carton 48*6.5 oz, origin: Thailand*
Source: Norwegian Seafood Council

Nearly 51 000 tonnes of the total of processed tuna imports in the USA were cooked or frozen loins, supplied mostly by China, Thailand, Fiji, Mauritius and Colombia. For cooked loins, import demand weakened by 12%.

EU

As of this writing, EU trade data is available only for the first eight months of 2015, according to which imports of prepared/canned tuna from extra-EU countries increased marginally (+2.41%) to total 337 428 tonnes. Approximately 27% of this total was comprised of cooked loins imported for further processing by Spain, Italy, France and Portugal.

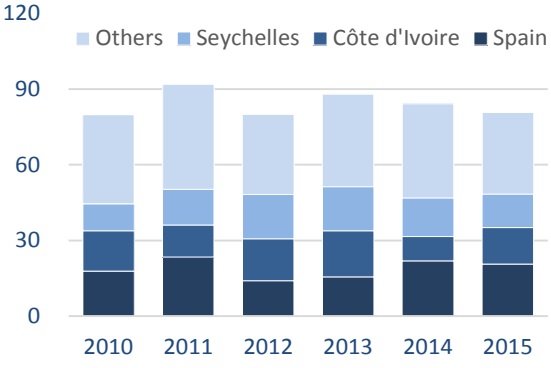
Top exporters of tuna loins to Spain
Unit: 1 000 tonnes, Jan-Sep



Source: Agencia Tributaria

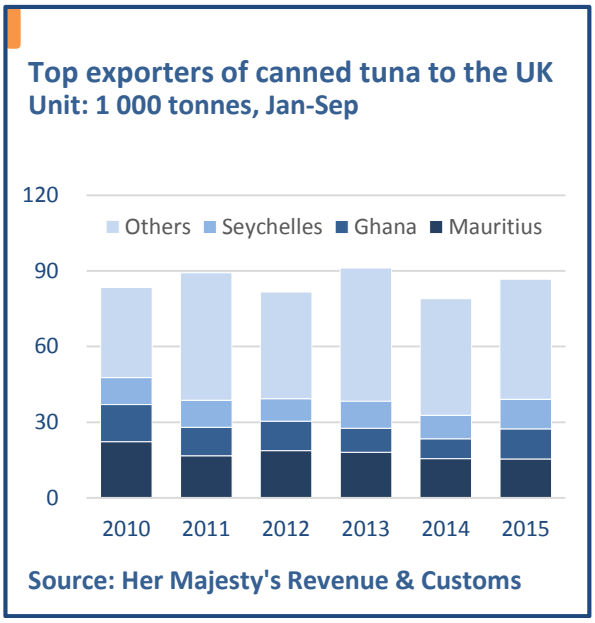
Among the individual markets in the EU, Spanish imports of prepared tuna were 25% higher to total 95 339 tonnes during the January-September 2015 period compared with the same period a year ago. The majority (71%) of this total was comprised of cooked loins. Italy, the UK, France, Germany, and the Netherlands were the other leading importers in the EU. Yet again, Italy and France imported cooked loins for reprocessing whereas the other markets imported canned and pouched tuna for direct consumption.

Top exporters of canned tuna to France
Unit: 1 000 tonnes, Jan-Sep



Source: DNSCE

EU imports of cooked loins from extra-EU countries were estimated to total over 100 000 tonnes during the first nine months of 2015 compared with an estimated 88 000 tonnes of imports during the same period in 2014. Supplies from Ecuador and China increased significantly. Spain continued to be the largest importer of cooked loins in the EU for the domestic market and re-export to Portugal, France and Italy.



Compared with the same period in 2014, canned/processed tuna imports increased in UK and German markets by 7.4% and 15.6% respectively during January-September 2015 but declined by 16.7% in the Dutch market.

Other Markets

The next group of large import markets of canned tuna during the reporting period in order of ranking were Egypt, Japan, Australia and Canada. Imports increased in all of these markets during January-September 2015 compared with the same time period in 2014.

Imports in Egypt almost doubled, to an estimated volume of 60 000 tonnes. Imports also increased in Saudi Arabia, UAE, Kuwait and Oman compared with the same period in 2014, which reflects the growing exports from Thailand and Indonesia to these markets.

Supported by lower raw material prices, Japanese imports of canned tuna increased by 3% to 41 855 tonnes during the first three quarters of 2015, compared with the same period last year in favour of Thailand, the Philippines, China, Viet Nam and the Maldives.

The Australian market, known for importing high-value canned tuna, remained positive with a 4% rise in imports. Canada also grew their canned tuna imports, by 10%.

Outlook

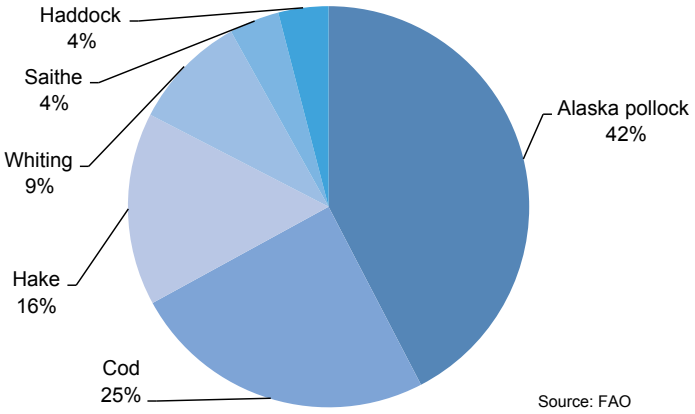
In the short-term, tuna supplies are expected to be low to On the supply side, moderate fishing continues in the Western and Central Pacific as the FAD closure ended in October. However, fishing efforts are likely to slow down due to the falling prices of skipjack and healthy raw material inventories in Thailand, where most canneries were closed for annual maintenance during late December. Canneries in the Eastern Pacific are also reporting moderate-to-high raw material inventories. The second IATTC 'veda' closure of two months started on 18 November 2015 resulting in about half of the fleet ceasing fishing efforts.

In terms of global trade, import demand for canned tuna in the USA is likely to rise during January and February 2016 in order to take advantage of the quota at lower duty. The low demand situation in the EU may persist till the second quarter of 2016. Meanwhile, soft tuna prices will allow for more trade in the non-traditional markets worldwide.

Increased groundfish landings forecasted for 2016

For 2016, total groundfish landings are expected to increase by 220 000 tonnes, mostly due to increased landings of Alaska pollock. The cod resources in the Barents Sea are declining slightly, while cod is now returning to grounds off eastern Canada. In terms of prices, cod prices are expected to rise by 14-15% in 2016.

Groundfish production by species (2013)



Source: FAO

Resources

According to the Groundfish Forum conference in Cape Town in October, total groundfish catches are expected to increase by some 220 000 tonnes to 7.33 million tonnes in 2016. Most of this growth will come from the Alaska pollock fishery. Indeed, Alaska pollock landings are forecasted to increase from 3.2 million tonnes in 2014, to 3.4 million tonnes in 2015. Catches of Atlantic cod are expected to stay stable at around 1.3 million tonnes, while haddock is expected to increase from 342 000 tonnes in 2015 to 366 000 tonnes in 2016, saithe from 293 000 tonnes to 304 000 tonnes and hake from 880 000 tonnes to 915 000 tonnes. For other groundfish species, only minor changes are expected.

Groundfish Forum also reports that Russia expects to increase its total landings to 5 million tonnes in 2015, up from 4.2 million tonnes in 2014. Out of this total, some 2.4 million will consist of various groundfish. Russia's landings of cod will amount to about 390 000 tonnes, while the country's Alaska pollock landings will be around 1.73 million tonnes.

Cod resources in the Barents Sea have somewhat decreased in recent years. The strong year classes of 2004 and 2005 are now on the way out, with more recent classes not as large. Scientists at the Institute of Marine Research in Norway, expect a relatively stable biomass of around 3 million tonnes, which would allow a total quota for the Barents Sea of 800 000 tonnes. However, there are signs that the capelin resource in the region is very frail, and as capelin is a major feed for cod, this will affect the cod resource in future years. Consequently, the present forecasts of a 3 million tonne biomass may be overly optimistic for the long-term. For 2016 however, the forecasts will likely hold.

After many decades of meagre fishing off northeastern Canada, the cod seem to be returning. After cod stocks collapsed in the area in 1992, Canadian authorities banned all cod fishing (except for recreational fishing), and this strict regime is now paying off. In the US Gulf of Maine, on the other hand, regulations have not been as strict, and in this region the stocks remain weak, due both to weak management and warmer waters.

The Baltic cod stocks have been overfished for some time, and in turn there has been a 20% cut in the proposed 2016 quotas. For the eastern stock, the quota will be reduced from 15 900 tonnes in 2015 to 12 720 tonnes in 2016, whereas for the western stock, the quota will be reduced from 51 429 tonnes to 41 143 tonnes (Source: *Undercurrent News*).

The Peruvian Ministry of Production has authorized a new survey for the hake (*Merluccius gayi*) resources of northern Peru. The survey took place in mid-November but the results are still pending.

The total TAC for common hake (*Merluccius hubbsi*) in the fishing zone shared by Argentina and Uruguay was decreased to 50 000 for 2016, according to the Mixed Commission of the Maritime Front. In addition, an administrative quota of up to 20% of the TAC may be added later (Source: *FIS.com*).

The hake resource in the western Mediterranean has been overexploited for years, and in February 2014, it was proposed to initiate a co-management regime between fishermen and researchers at the Institute of Marine Sciences in an effort to improve the situation. One initiative included a fishing ban imposed last year, which seems to have been beneficial. According to surveys undertaken monthly to measure the effects of the fishing ban, surveys show that the hake stock in Catalan fishing grounds have increased.

Processing

Russia imposed import bans of food products for several countries in mid-2014, and consequently must now

develop new strategies for parts of its industry to be successful. In the whitefish sector, this means that more of the processing will have to be done within Russia itself as the country is putting an increased emphasis on self-sufficiency. While Russia is one of the largest producers of whitefish in the world, most of its fish have previously been sent to China for processing and re-exports. Despite the fact that China is not part of the import ban, more whitefish processing is expected to be conducted inside Russia due to the country's general growing interest in self-sufficiency. In turn, it is also predicted that consumption of domestically processed whitefish will increase. Thus, Russia could potentially experience growth in its fish-processing sector.

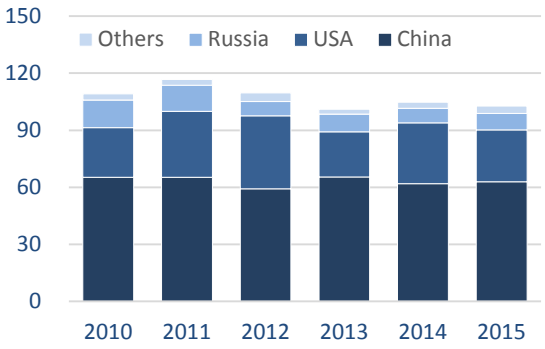
Trade

During the first three quarters of the year, Norwegian groundfish exports were down by volume, but registered an increase in value due to better prices than in 2014. Norwegian cod exports amounted to 156 116 tonnes with a fob value of NOK 5.8 billion, compared with 197 302 tonnes worth NOK 5.1 billion during the same period last year. The average export price for cod thus increased by 44%. Similarly, saithe exports declined slightly by volume, from 55 314 tonnes in 2014 to 54 446 tonnes in 2015, but the value increased by 11%, to NOK 1.5 billion. Haddock exports fell from 45 871 tonnes to 37 420 (-22.6%), but haddock prices went up only slightly and its export value declined by almost 15%.

Exports of "traditional" groundfish products like klipfish, salted fish and stockfish all declined during the first nine months of the year, however prices for these products were markedly up. Apparently the wet summer in Norway has prevented the production of good stockfish and dried salted fish and traders were unable to purchase good quality cured cod.

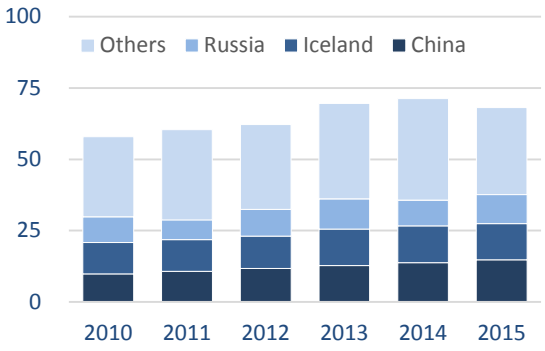
China's exports of frozen Alaska pollock fillets reached a peak in 2013, but have since been in decline. During the first months of 2015, China's pollock exports fell further, from 206 500 tonnes in the first nine months of 2014 to 191 300 tonnes during the same period in 2015 (-7.4%). The main markets were the USA, France and Brazil.

Top exporters of frozen Alaska pollock fillets to Germany
Unit: 1 000 tonnes, Jan-Sep



Source: Germany Customs

Top exporters of frozen cod to the UK
Unit: 1 000 tonnes, Jan-Sep



Source: Her Majesty's Revenue & Customs

MARKET FOCUS

Poland

The Polish market for cod is growing. Previously, Poland was known for importing cod from Norway to process into fresh and frozen fillets for exports. However, Poland is now consuming half of the imported cod itself. In 2014, Poland imported almost 80 000 tonnes of cod. In addition, the country landed almost 18 000 tonnes. Of the total, just over 41 000 tonnes were exported or re-exported, leaving a domestic consumption of cod to total some 56 000 tonnes. This represents a 31% increase compared with 2013, and is double the amount consumed in 2012. It is expected that this trend will continue also in 2015-2016. During the first half of 2015, cod consumption in Poland increased by some 11.5%. Observers point out that high quality plays an important part in this development. During communism, Poland only had access to Baltic cod, which is of an inferior quality. Source: *FiskeribladetFiskaren*

Other markets

US imports of cod-like groundfish went down by 10.5% during the first three quarters of 2015. Imports of both fillets and blocks declined, and the major supplier, China, registered declines for both product groups. China's exports of fillets to the USA fell by 8.3%, while exports of blocks/slabs fell by 21.8%. Other major exporters to the USA also registered declines. Only Canada increased its ex-

US imports of cod-like groundfish (by product and origin)

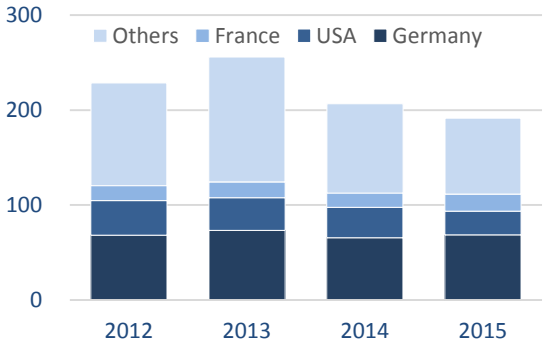
Product and origin	Jan-Sep 2010	2011	2012	2013	2014	2015
			(1 000 tonnes)			
Fillets						
China	53.4	64.4	58.9	59.8	61.7	56.6
Iceland	7.3	4.4	6.5	8.2	7.6	7.0
Russia	7.6	3.5	3.2	4.8	3.9	3.6
Others	6.4	6.5	12.8	15.1	15.4	13.4
Total	**74.7**	**78.8**	**81.4**	**87.9**	**88.6**	**80.6**
Blocks/Slabs						
China	26.8	27.2	24.5	22.3	24.8	19.4
Iceland	0.5	0.4	0.6	1.3	1.1	1.1
Argentina	0.6	0.4	0.8	1.1	0.9	1.1
Others	3.2	3.0	2.9	2.4	1.8	2.8
Total	**31.1**	**31.0**	**28.8**	**27.1**	**28.6**	**24.4**
Grand Total	**105.8**	**109.8**	**110.2**	**115.0**	**117.2**	**105.0**

Source: NMFS

ports of fillets, while Russia and Argentina were the winners in the blocks trade.

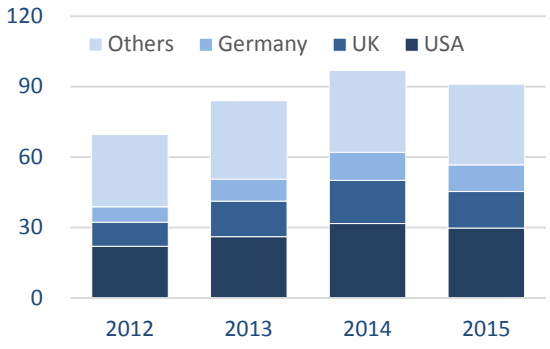
China remains an important importer of Alaska pollock. Imports of whole frozen Alaska pollock during the first nine months of the year went up slightly. However, China is now importing less round frozen cod and during the first nine months of 2015, imports of this product fell by 11%, to 135 000 tonnes when compared with the same period of last year

Top exporters of of frozen Alaska pollock fillets to China
Unit: 1 000 tonnes, Jan-Sep



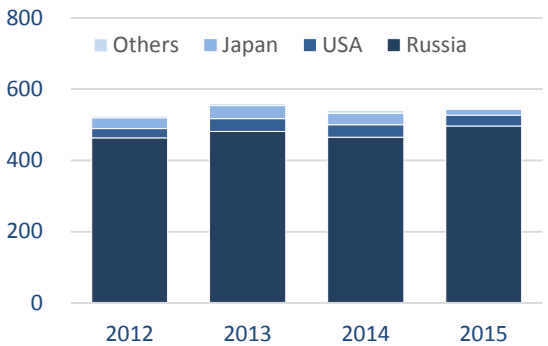
Source: China Customs

Top exporters of frozen cod fillets to China
Unit: 1 000 tonnes, Jan-Sep



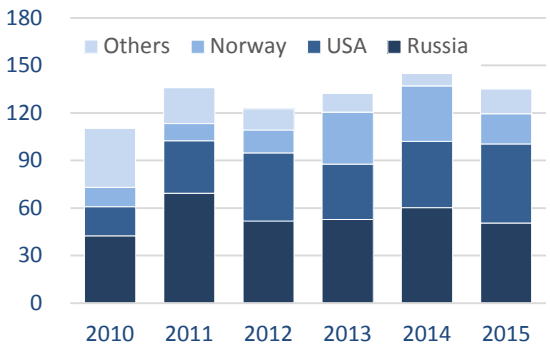
Source: China Customs

Top exporters of whole frozen Alaska pollock to China
Unit: 1 000 tonnes, Jan-Sep



Source: China Customs

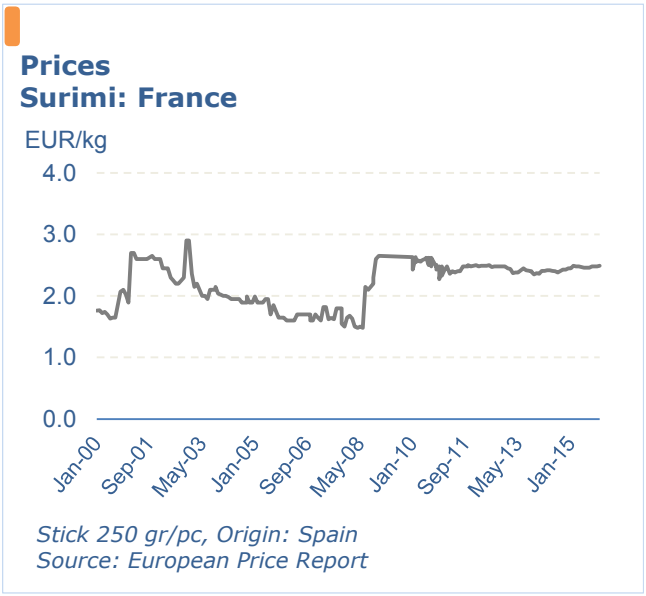
Top exporters of whole frozen cod to China
Unit: 1 000 tonnes, Jan-Sep



Source: China Customs

Surimi

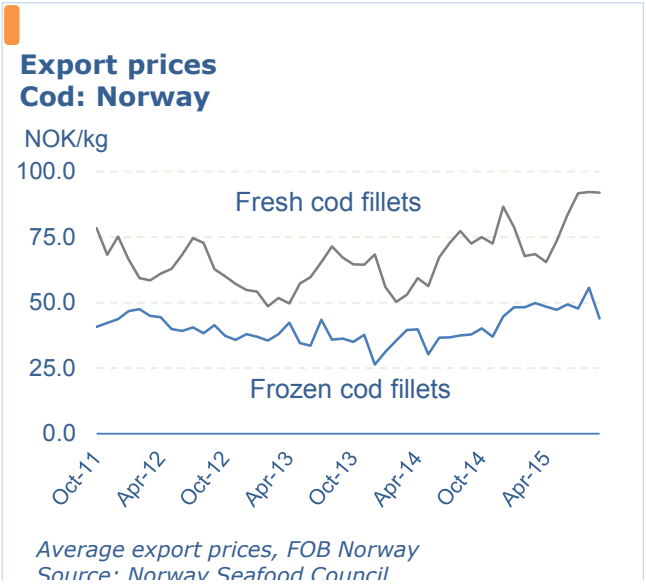
Asian surimi production has been dropping, and US producers consequently geared up to increase their production, both on-board and on-shore production. However, poor US catches of Pacific whiting (also called US hake) have put an end to these plans. This year's US hake quota was increased, but by the end of October, only 40% had been landed due to poor fishing. The low quantities also made it more difficult to achieve efficient production of surimi, according to Undercurrent News. Production of Alaska pollock surimi, on the other hand, has been good.



Stick 250 gr/pc, Origin: Spain
Source: European Price Report

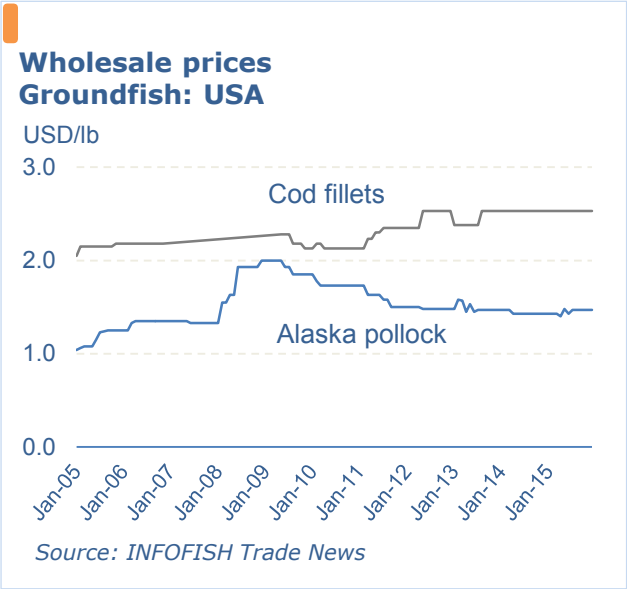
Prices

Frozen-on-board cod fillet prices are expected to remain unchanged for the rest of 2015. Demand is reasonably strong at the moment, though landings have been poor recently.



Average export prices, FOB Norway
Source: Norway Seafood Council

For Alaska pollock, December prices for Russian headed and gutted Alaska pollock in Vladivostok were EUR 1.06 per kg while in Moscow, prices were EUR 1.31 per kg.).



Source: INFOFISH Trade News

According to an academic at the University of Tromsø, first-hand cod prices in Norway are expected to increase by 14-15 % in 2016. The underlying factor behind this expected price increase is that quotas will be reduced, and consequently Norwegian cod exports will be lower. Of course, currency exchange rates will also play a part. At present, the NOK is at a ten-year low against the US dollar, so a price hike at the first-hand level is only natural. However, the Norwegian krone is expected to strengthen against the dollar during the course of 2016.

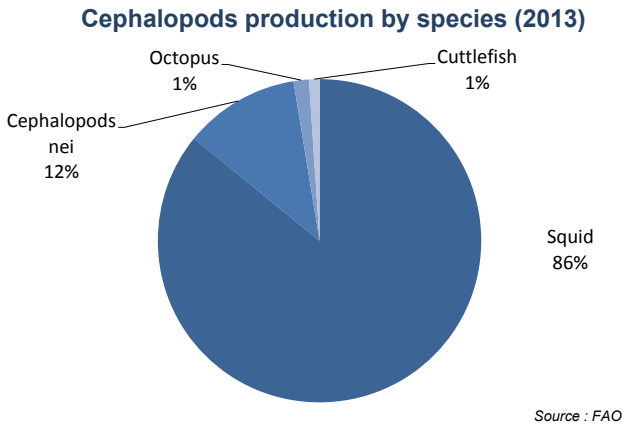
Headed & gutted haddock prices are at a very low level, but they may be sinking even further, according to the Groundfish Forum. The joint Russian-Norwegian quotas for 2016 have been set at 244 000 tonnes, which means that more haddock will be put on the market next year, causing further pressure on prices.

Outlook

Groundfish supplies will increase by 220 000 tonnes, with most of this increase made up of Alaska pollock. Cod supplies are relatively stable, and prices are expected to increase over the year by as much as 15%. International trade may be affected by Russian initiatives to process more groundfish products within Russia for domestic production, thus importing less processed groundfish from the world market.

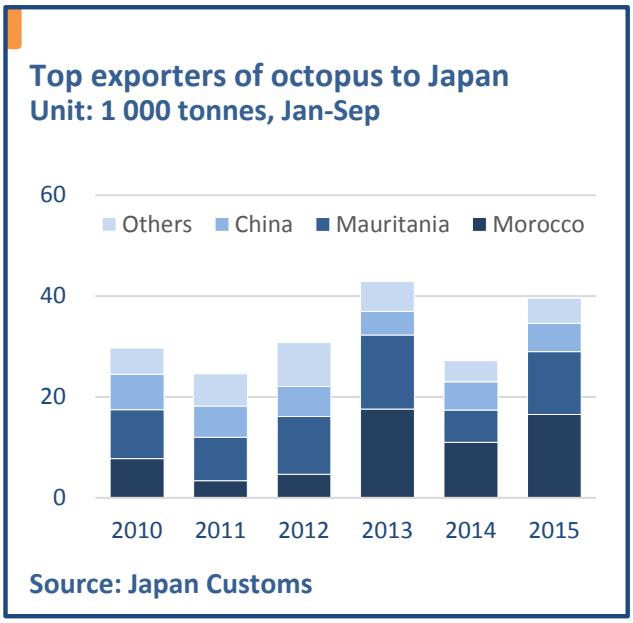
Increasing demand for octopus, tighter supplies of squid

Demand for octopus is picking up in major markets. Imports are on the rise in Japan, Spain and Italy, and price increases may be expected. Supplies of giant squid are tightening considerably, and as a result, prices are on the way up.



Octopus

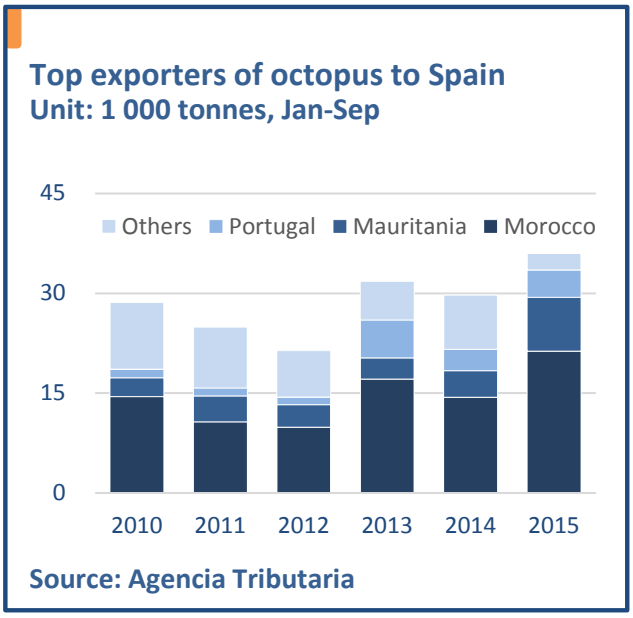
After a period of slow octopus sales in Japan, demand is now increasing again. According to household spending statistics, monthly purchases of octopus increased by 12.5% in June and by 15.4% in July. Supplies from Africa are increasing into Japan, and the price is favourable at the moment. In preparation of the biggest sale season of the year, the year-end festivities, octopus was positioned as one of the main items due to favourable pricing (Source: *Minato-Tsukiji*).



This increased demand is reflected in Japan's import statistics. During the first nine months of the year, Japan's imports of octopus increased by 45.6%, to 39 600 tonnes.

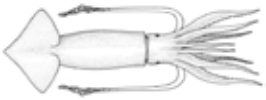
However, the export unit price fell by 17% in December for Moroccan octopus from USD 7.30 per kg to US 6.00 per kg and from USD 8.10 to 6.70 for Mauritanian octopus. Therefore, the increase in imports does not so much reflect the improved demand, rather the interest of Japanese buyers to take advantage of low price levels.

The main suppliers were, as usual, Morocco and Mauritania, which both shipped considerably more than 2014. Morocco increased shipments from 11 000 tonnes to 16 500 tonnes (+50%), while Mauritania doubled its exports to Japan, from 6 400 tonnes to 12 500 tonnes. Viet Nam registered a healthy (+32%) increase, while shipments from China were level with last year's at 5 600 tonnes.



Imports into the two other main markets for octopus also increased significantly during the first nine months of 2015. Spain increased imports by 35%, from 29 700 tonnes in 2014 to 40 100 tonnes in 2015. Again, Morocco and Mauritania were the main suppliers, and both shipped considerably more than in the same time period last year. Morocco increased its octopus exports to Spain by almost 48%, to 21 300 tonnes, while Mauritania more than doubled its exports, to 8 100 tonnes. Portugal also increased shipments to Spain, but for other suppliers there were only minor changes.

Octopus imports to Italy increased in 2015, albeit at a somewhat slower pace than in Japan and Spain. Total imports of octopus into Italy were up by 21% during the first three quarters of the year, and reached 25 100 tonnes

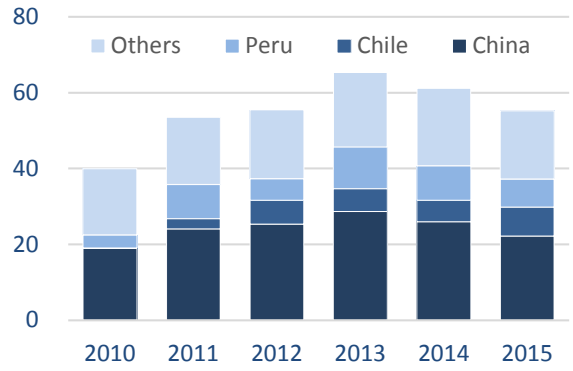


at the end of September. This is a significant increase, though, in view of the fact that Italian octopus imports have been flat during the past five years. Morocco was again the largest supplier, accounting for 36% of total octopus imports. Other major suppliers include Spain (17.1% of total), Indonesia (10.4%), and Mauritania (6.4%).

Squid

Peruvian giant squid landings have declined by about 20% as a result of El Niño, resulting in tighter squid supplies. This situation is furthered by low cold storage holdings in China, and these factors have led to rising prices for giant squid. Prices for cooked fillets of giant squid have gone up from USD 2 100 per tonne to USD 2 600 per tonne, and prices for cooked fins have gone from USD 1 200 to USD 1 400 per tonne. Despite growing prices, demand continues to be generally strong. However, in China, demand was a bit slower during the first half of 2015. This is part of the reason why Peruvian exporters are increasingly looking to Europe to boost sales of giant squid.

Top exporters of squid to Japan
Unit: 1 000 tonnes, Jan-Sep



Source: Japan Customs

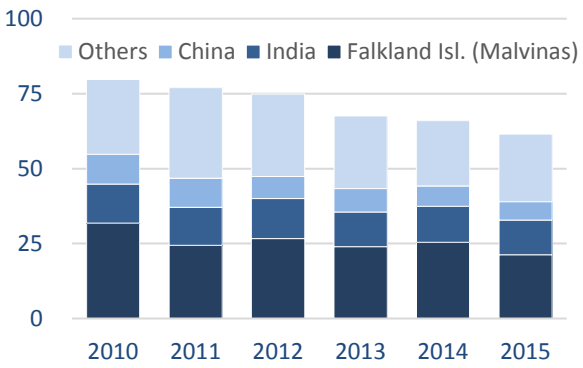
Squid imports into Japan declined during the first three quarters of 2015. Total imports of squid went down from 61 100 tonnes in 2014 to 55 200 tonnes in 2015 (-9.7%), demonstrating that the decline trend from last year is continuing. Japanese squid imports peaked in 2013 after a period of strong growth, but now appears to be weakening.

Most of the decline was accounted for by reduced shipments from the major supplier, China. Indeed, Chinese squid exports to Japan declined from 26 000 tonnes in the first nine months of 2014 to 22 200 tonnes in the same period in 2015. Thus, China's market share was reduced from 42.6% in 2014 to 40.2% in 2015. In contrast, the second largest supplier, Chile, increased shipments to Japan from 5 600 tonnes in 2014 to 7 600 tonnes in 2015. Major suppliers Peru, Argentina and Thailand all shipped less squid to Japan during this period than they did a year ago.

Italy registered just a slight (-2%) decline in squid imports during this period. The largest supplier to Italy was Spain, which accounted for over 30% of the total, followed by Thailand (17.8%) and China (11.3%). While Thailand lost market share in Italy, China held its own and Peru and South Africa gained ground in this market.

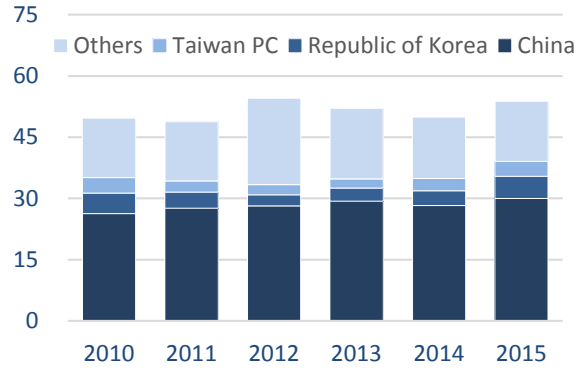
Spanish squid imports during the first three quarters went down by 6.8%, to 61 500 tonnes. Most of this decline was caused by reduced imports from the Falklands (Malvinas), which went from 25 500 tonnes to 21 300 tonnes. Only minor changes were registered for India and China.

Top exporters of squid to Spain
Unit: 1 000 tonnes, Jan-Sep

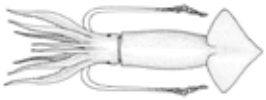


Source: Agencia Tributaria

Top exporters of squid to the USA
Unit: 1 000 tonnes, Jan-Sep



Source: NMFS

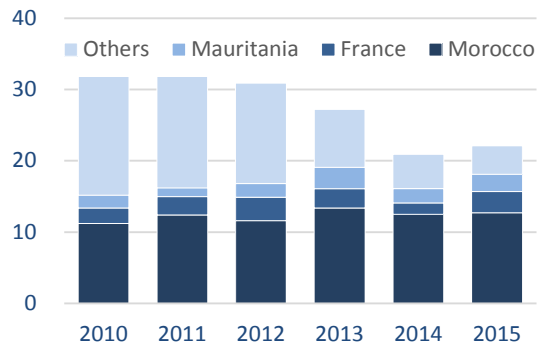


In the USA, squid imports were up again in 2015. Imports increased from 49 900 tonnes in 2014 to 53 800 tonnes in 2015 (+7.8%). Asian countries were the lead suppliers, headed by China, which accounted for 55.8% of total imports, followed by the Republic of Korea (10%) and Taiwan PC (6.9%).

Viet Nam is increasing exports of cephalopods to the USA. During the first eight months of 2015, Viet Nam's exports to the USA rose by nearly 33% in value terms.

The USA is also a major exporter of squid, but in 2015, US squid exports have been significantly reduced. While exports amounted to 85 138 tonnes during the first nine months of 2014, up from 60 023 tonnes during the same period in 2013, shipments fell to just 52 930 tonnes during the first nine months of 2015 (-37.8%).

Top exporters of cuttlefish to Spain
Unit: 1 000 tonnes, Jan-Sep

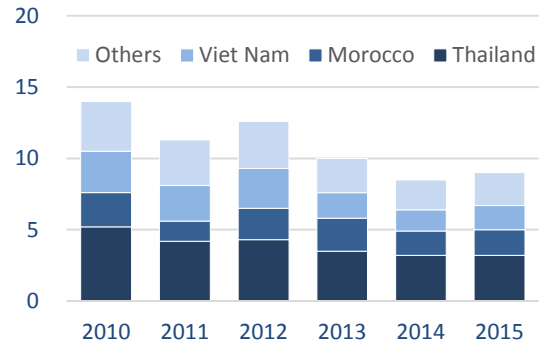


Source: Agencia Tributaria

Cuttlefish

The cuttlefish market has been declining for some years, but it now seems to have stabilized somewhat. There is even some increase in international trade on the major markets.

Top exporters of cuttlefish to Japan
Unit: 1 000 tonnes, Jan-Sep



Source: Japan Customs

Cuttlefish imports into Japan were slightly up during the first nine months in 2015, when 9 000 tonnes were imported. The main suppliers were Thailand, Morocco and Viet Nam. Imports into Italy were also slightly up, from 9 200 tonnes in 2014 to 9 700 tonnes in 2015 (+5.4%). The main suppliers for Italy were France, Spain and Tunisia. This upward trend was also seen in Spain, where imports during this period went from 20 900 in 2014 to 22 100 tonnes in 2015 (+5.7%).

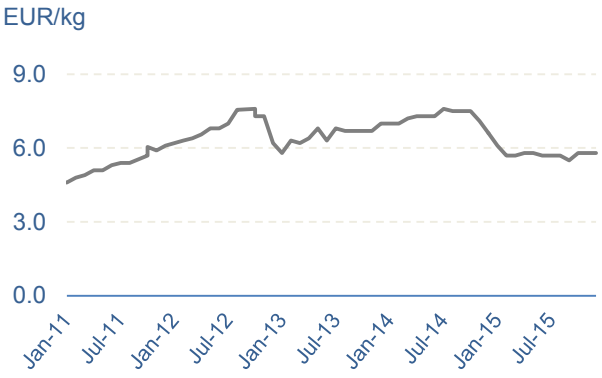
Prices

In December, octopus prices in Japan were low, and demand was picking up with the year-end festivities approaching. However, in Europe demand was dull. For squid, there was some price development in that giant squid prices are up, but other prices took a dip in September. For cuttlefish, prices are relatively flat.

Outlook

The supply situation for octopus is expected to continue to improve. For squid, the situation is the opposite. Landings off South America have been disappointing for the second year in a row, and the tight supply situation will continue during the rest of 2015. Thus, squid prices will rise. For cuttlefish, it is expected that the trade will pick up a bit, perhaps in response to the tight squid supplies.

Prices
Squid: Italy



Squid, whole, FAS, Size M, origin: South Africa
Source: European Price Report

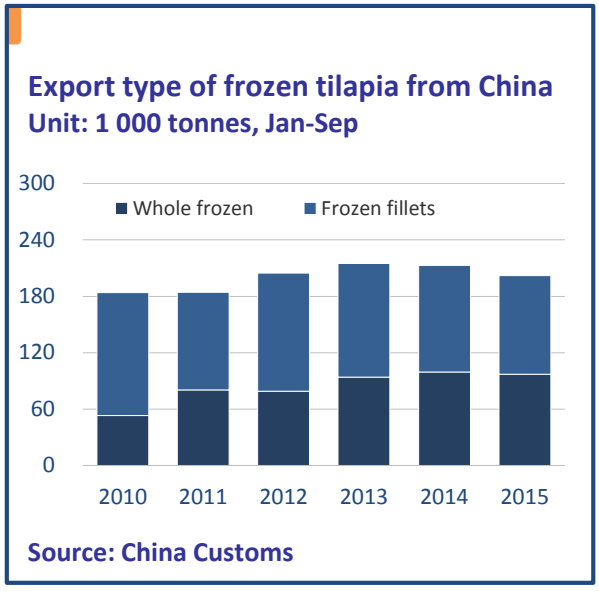
In general, markets flooded with low-value tilapia, demand in the USA remains stagnant

During the first nine months of 2015, national sources report that nearly 170 000 tonnes of frozen tilapia fillets were imported into major markets. Import prices declined in most markets during the period under review. Imports of lower priced whole frozen tilapia appear to be more popular in the USA. Exports of frozen tilapia fillets meanwhile were approximately 120 000 tonnes with China as the leading exporter, though it reported lower exports during the January-September 2015 period. Average export prices of frozen fillets declined significantly from China.

China

Chinese production remains sluggish, reflecting a slow market particularly in the USA, China's largest market for tilapia. As a result, some companies are reducing their processing of tilapia, industry sources report.

Chinese Customs announced a 0.6% increase in total tilapia export volumes during the first nine months of the year compared with the same time period in 2014. In value terms however, exports declined by 11% from USD 1.01 billion in 2014 to USD 902 million this year. Within product categories, exports declined from the most popular categories of frozen fillets and whole tilapia while exports of frozen breaded tilapia fillets increased by 24% in volume and 10% in value. Besides the USA and Mexico, exports of this category also increased to Russia and African markets.



In prices, the average exports price of frozen fillets during the period under review declined by 16% to USD 3.90 per kg.

USA

According to the National Fisheries Institute, US per capita consumption of tilapia in 2014 grew marginally to 1.436 kg (1.430 kg in 2013).

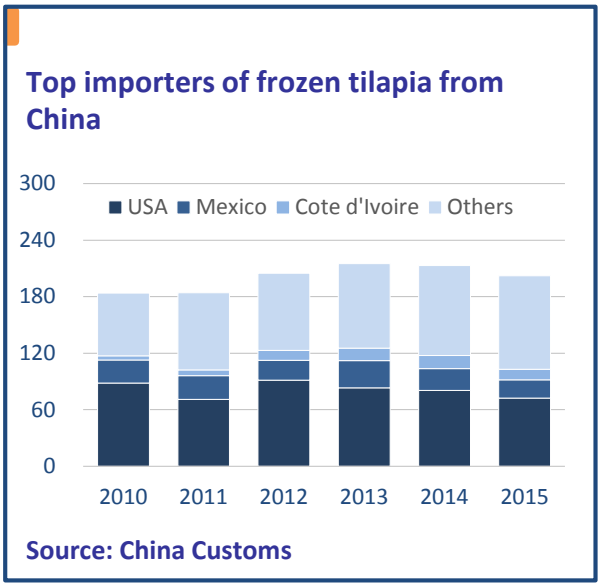
US imports of tilapia (by product and origin)

Product and origin	Jan-Sep 2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Fresh fillets						
Honduras	5.5	6.2	4.5	5.8	7.6	6.9
Colombia	1.5	1.7	1.9	2.8	3.0	4.1
Costa Rica	4.6	4.3	2.8	5.2	4.2	3.9
Others	6.7	6.8	5.5	6.8	5.0	4.6
Total	**18.3**	**19.0**	**14.7**	**20.6**	**19.8**	**19.5**
Whole frozen						
China	16.6	18.5	17.6	17.5	16.9	19.8
Taiwan PC	11.4	9.0	7.8	11.5	9.9	7.1
Thailand	1.1	0.4	0.4	0.3	0.6	0.5
Others	0.3	0.9	0.7	0.5	1.1	2.8
Total	**29.4**	**28.8**	**26.5**	**29.8**	**28.5**	**30.2**
Frozen fillets						
China	91.8	79.6	108.7	95.6	100.8	103.5
Indonesia	7.2	6.4	9.2	8.6	8.1	7.2
Thailand	0.7	0.8	1.8	1.0	1.1	0.9
Others	3.0	2.5	3.1	2.3	2.7	3.8
Total	**102.7**	**89.3**	**122.8**	**107.5**	**112.7**	**115.4**
Grand total	**150.4**	**137.1**	**164.0**	**157.9**	**161.0**	**165.1**

Source: U.S. Department of Commerce, Bureau of Census

In terms of trade, total US tilapia imports during the first nine months of 2015 were up by 2.5%, with this increase primarily driven by higher imports of whole frozen tilapia. US imports of total frozen tilapia (whole and fillets) were up 3% during the first nine months of 2015 from a year ago, while import values declined by 9.9%. The frozen fillet category, which makes up the largest share of imports, experienced a 2.4% increase in volume with higher supplies from China, Taiwan PC and Honduras. However, average import prices declined by 12.5% to USD 4.51 per kg.

Whole frozen tilapia exports meanwhile, were up by 6%, with China supplying 17.3% more, indicating a preference towards cheaper product forms. Average import prices during this



period were USD 2.03 per kg, 10.5% lower compared with the same period in 2014.

In contrast, US fresh tilapia fillet imports declined marginally (-1.5%) during the first nine months of the year primarily due to lower imports from its largest source, Honduras. In view of the market going for cheaper products, the high-value tilapia from Honduras has had problems in finding a receptive market. Ecuador and Colombia supplied larger amounts of fresh tilapia fillets to the US market but this did not make up for the loss from Honduras.

EU

During January-August 2015, the EU imported 11.3% less tilapia, totaling 18 805 tons compared with the same period in 2014. Supplies fell from most sources indicating a generally weak market. Imports declined into most EU countries except for Germany, Italy and Portugal, while the Netherlands overtook Spain as the largest market, though most Dutch tilapia imports are re-exported within Europe.

Viet Nam

The Directorate of Fisheries in Viet Nam reports that tilapia exports are expected to reach USD 130-150 million by 2020. Vietnamese tilapia has been exported to more than 60 countries, with the USA, Spain, Colombia, the Netherlands, Belgium, Germany, Mexico, the UK, the Czech Republic, and Italy being the top importers in that order.

In 2014, the country had 16 000 hectares of tilapia farms last year, which produced a total of 125 000 tonnes. For 2015, farming area in the country is expected to grow to 21 000 hectare with production predicted at 150 000 tonnes. Under the tilapia breeding master plan, which looks out to 2020, the Ministry of Agriculture and Rural Development encourages institutes, universities and enterprises to import fry for research and breeding. It also urges regions to establish links between tilapia farmers, processors and exporters.

In addition, provincial agricultural departments are required to strengthen overall management quality and provide regular checks of breeding activities to ensure farming follows zoning plans and does not cause pollution or obstruct waterway transport. The Directorate has suggested that companies should also focus on building brands for Vietnamese tilapia and developing more unique products to compete at the international level.

Latin America

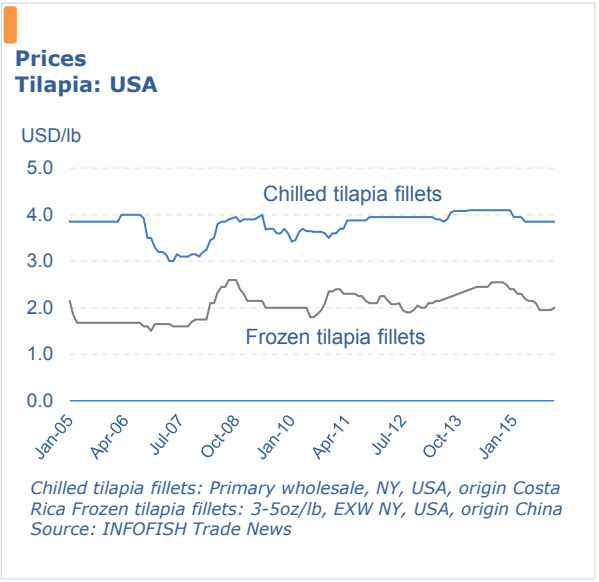
In Honduras, tilapia production in 2015 is estimated to total between 10 000-11 000 tonnes. Tilapia fillet prices have remained relatively steady throughout the year. In the domestic market, prices of tilapia fillets are USD 1.56 per kg, while whole tilapia is 0.90 USD per kg.

In Costa Rica, export prices of tilapia fillets to the USA have remained stable for 2015, between USD 2.50-3.00 per kg. Costa Rica has become an important exporter of tilapia fillets to the USA, competing with other Latin American countries such as Honduras and Ecuador. The domestic Costa Rican market imports tilapia from Asia, which is frozen with origins not clearly identified. In addition to the Asian sources, more than 730 local, mostly small-scale producers in Costa Rica sell their tilapia for domestic consumption.

Outlook

Adequate supplies are possibly keeping the US market slow. While in other producing markets, except for China, demand remains steady to firm. The current lower prices could possibly boost demand during the upcoming Chinese New Year and Lent season.

The tilapia market has been overshadowed by heavy arrivals of cheap fish from China and Viet Nam. This has created a difficult market environment, and prices are dropping. Chinese tilapia producers are looking to sell everything before the Chinese New Year.



Chilled tilapia fillets: Primary wholesale, NY, USA, origin Costa Rica Frozen tilapia fillets: 3-5oz/lb, EXW NY, USA, origin China
Source: INFOFISH Trade News

Asian and Latin American markets remain firm

Asia and Latin America continue to absorb greater shares of pangasius supplies from Viet Nam, the main producer of this species, and their own domestic production. During the first nine months of 2015, approximately 275 000 tonnes of pangasius (whole and fillets) were imported into more than 70 countries worldwide with nearly 94% comprised of frozen fillets. The USA remains by far the single largest market followed by Mexico. Total Asian imports reached approximately 54 000 tonnes. The EU market continues its downward trend.

Viet Nam

VASEP reports that from January-August 2015, total pangasius exports reached USD 1.02 billion, which is 9.1% less than compared with the same period in 2014. Lower exports were reported to the USA, the EU, Mexico, Brazil and Colombia. Taking a 20.3% share of Vietnamese pangasius, the USA is Viet Nam's single largest market for Vietnamese pangasius, though export values declined by 1.7% during the January-August 2015 period compared with the same time period last year. Exports to the EU, the second largest pangasius market, also experienced a decline in value. In contrast, exports increased to China.

Under the Trans-Pacific Partnership, which was concluded on 5 October 2015, Mexico committed to remove its tax for pangasius from Viet Nam in the third year after the agreement enters into force. As a result, pangasius exports to Mexico in 2016-2017 are forecasted to grow. Viet Nam is currently the third largest frozen seafood supplier to Mexico, after China and Chile. According to national sources from Mexico, pangasius imports during the first nine months of 2015 were up approximately 3% compared with the same period last year to total 38 708 tonnes.

In a related development, the USA plans to impose a technical barrier to restrict the imports of fish belonging to the Siluriformes order, which includes the Vietnamese pangasius species tra and basa. The USDA Food Safety and Inspection Service (FSIS) has listed the regulations to control the import of Siluriformes fish, noting that it will be applied to both farmed and wild products in the USA as well as imports, as designated by the 2014 Farm Bill in the USA. The law will take effect in March 2016, or 90 days after information is made public, though the parties involved will have an 18-month transition period. After that time, all fish belonging to the Siluriformes order will be put under the control of FSIS.

USA

Total US import volumes of frozen catfish during the first nine months of 2015 grew by 10% compared with the same period in 2014. Pangasius fillets comprised 95% of the total and imports from this category increased by nearly

MARKET FOCUS

The Middle East

Within the Middle East, Saudi Arabia is Viet Nam's biggest pangasius importing market. Through August 2015, pangasius exports to Saudi Arabia were valued at USD 42.5 million, a year-on-year 11% increase and accounting for 4.2% share of Viet Nam's total pangasius exports. Looking at monthly figures, Saudi Arabia has imported 800-1 725 tonnes of pangasius from Viet Nam each month. The major product was frozen fillets (HS 030462). Chilled pangasius (HS 030432) was imported at an average volume of 50-200 tonnes per month.

US imports of frozen pangasius fillets

	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Viet Nam	31.7	58.3	75.9	77.3	70.5	79.7
China	2.4	1.2	0.3	0.0	0.1	0.0
Thailand	2.3	0.8	0.1	0.0	0.0	0.0
Others	1.2	0.5	0.0	0.1	0.0	0.1
Total	**37.6**	**60.8**	**76.3**	**77.4**	**70.6**	**79.8**

Source: U.S. Department of Commerce, Bureau of Census

13% with Viet Nam as the leading supplier. Imports also increased from Myanmar, a relative newcomer supplier to the USA, to total 67 tonnes from 0 the year before. Imports of whole frozen catfish (besides pangasius) are also slowly increasing from other sources, namely Bangladesh (+3 tonnes), Myanmar (+4 tonnes), Guyana (+9 tonnes) and Pakistan (11 tonnes).

Pangasius remained the sixth most important seafood consumed in the USA. However, per capita consumption declined in 2014 to an estimated 1.52 kg per capita from 1.69 kg per capita in 2013.

EU

From January-August 2015, total imports of pangasius in volume (whole and fillets) continued on a downward trend with roughly a 19% decline compared with the same period last year. Frozen fillet imports fell significantly from Viet Nam, the largest source (99%), which was the primary reason for the overall decline. Whole frozen pangasius imports also declined albeit marginally by 2.54% to 2 059 tonnes with Viet Nam as the leading supplier for this product category as well. However, alternative Asian supply sources from Thailand, Bangladesh and Myanmar, increased during the period under review. Within the EU, Spain, the Netherlands and Italy are the largest markets.

Asia

Pangasius continues its popularity in most of Asia. Data from national sources indicate approximately 54 000 tonnes of frozen pangasius (whole and fillets) were imported during the first nine months of 2015 compared with 51 000 tonnes the year before. Nearly 92% of this total is comprised of frozen pangasius fillets. Thailand was the largest importer in Asia followed by Singapore, China and Malaysia. Imports of frozen fillets into Thailand (14 791 tonnes), China (9 558 tonnes), Malaysia (5 563 tonnes), India (2 969 tonnes) and Japan (1 934 tonnes) increased by 19.8%, 72%, 11.1%, 33% and 6.45% respectively.

In Bangladesh, industry sources have reported that some local establishments are investing in processing equipment to create fish fillets for pangasius and tilapia, which accounts for more than 20% of the country's fish production. To date, at least three companies will begin this processing. Bangladesh produced 660 000 tonnes of the two freshwater fish varieties during the fiscal 2013-2014 year, a nearly 30% year-on-year increase, according to data from the Department of Fisheries. Approximately 50% of total freshwater fish production is comprised of pangasius. In creating more opportunities for value-added products, Bangladesh aims to diversify its exports and increase demand as well as facilitate obtaining higher prices for farmers. Besides the export markets, the domestic market is also experiencing growing demand, particularly from the rising number of restaurants and international hotel chains.

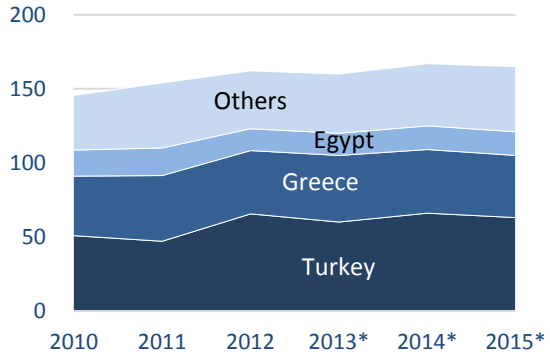
Outlook

While demand in the USA and the EU is expected to stay bleak in 2016, markets in Asia and Latin America are likely to grow alongside the domestic production taking place in some of these markets. The US market may perk up when Lent demand begins in the coming months.

Relative stability of 2015 can serve as platform for development

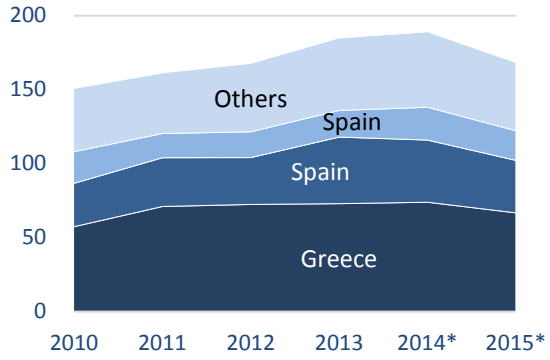
After a long period of low prices, high costs and near bankruptcy for many bass and bream companies, improved prices in 2015 have brought renewed confidence to the industry. With this stable period expected to continue, there is now a valuable opportunity to invest in much-needed technological innovation and product development.

Top global producers of seabass (*Dicentrarchus labrax*)
Unit: 1 000 tonnes



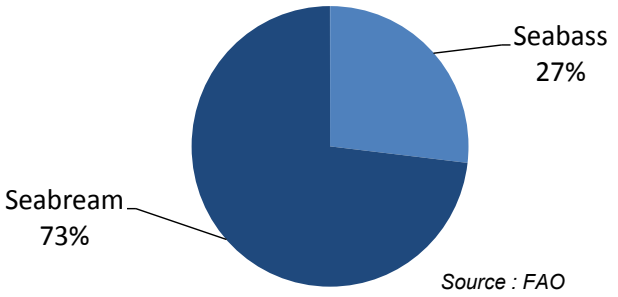
Source: FAO (until 2013), * Estimate

Top global producers of seabream (*Sparus aurata*)
Unit: 1 000 tonnes



Source: FAO (until 2013), * Estimate

Bass and bream production (2013)



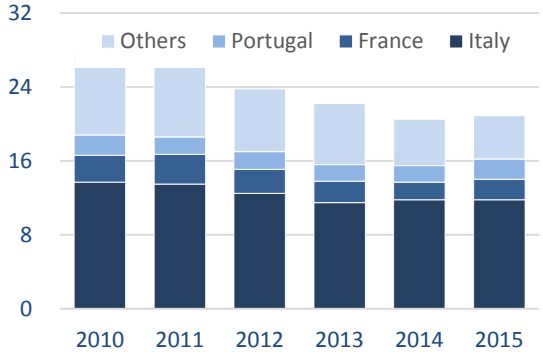
Source : FAO

Supply

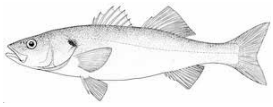
The prevailing trends in the bass and bream market in 2015 have been lower supply and higher prices for bream, while for bass there has been generally flat supply with only marginal increases in prices in some markets. These price gains have been sufficient, however, to sharply reduce losses amongst the major Greek aquaculture companies and in some cases even push margins back into the black. Greek banks, now the major shareholders of these companies following recapitalization, are already actively seeking investors.

At the same time, many industry representatives are emphasizing the need for the industry to work together in consolidating the improved market situation through collective investment in research and development and

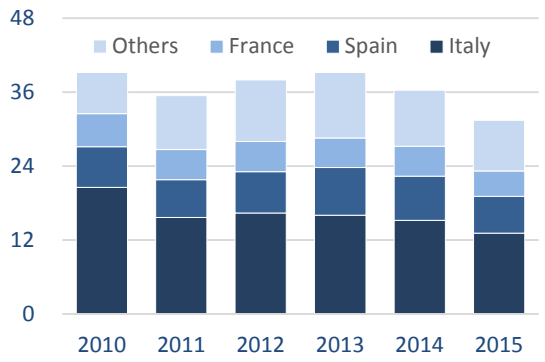
Top importers of fresh seabass from Greece
Unit: 1 000 tonnes, Jan-Sep



Source: EUROSTAT



Top importers of fresh seabream from Greece
Unit: 1 000 tonnes, Jan-Sep

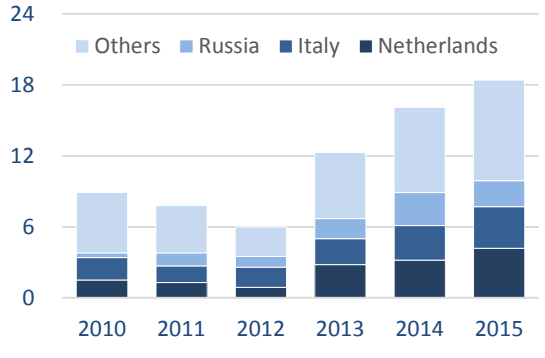


Source: EUROSTAT

cooperate in expanding the market base of their products. Data collection, improved feed management and formulas, broodstock selection and conditioning as well as animal health have all been identified as key focus areas at the farming level. On the market side, there have been calls to diversify the product range and to more closely align its characteristics with today's consumers' preferences for healthy, sustainable and convenient seafood.

Greek bass and bream export volumes in 2015, based on available statistics for the first nine months of the year, remained well below those of 2014, although this was almost entirely accounted for by a steep drop in bream supply with bass exports remaining flat. Exports of bream fell to almost all major markets, with the shortfall being particularly severe during the summer months, when prices in almost all major markets turned sharply upwards.

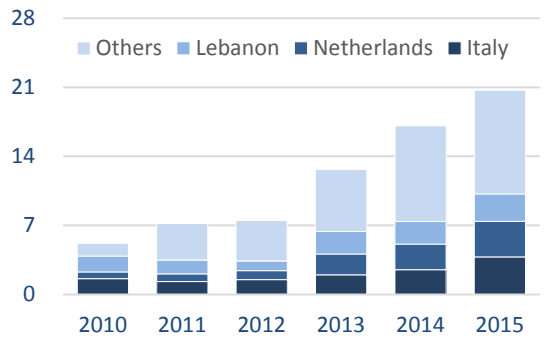
Top importers of fresh seabass from Turkey
Unit: 1 000 tonnes, Jan-Sep



Source: State Institute of Statistics

In Turkey, gonadal development (so-called-milting) in bass and bream beginning in October 2015 caused a cyclical seasonal negative impact on prices. During this time, fillet yield decreases, and as a result, fish sized 400-600 g and 600-800 g became destined for the fresh fish market instead of processing. Companies aim for intensive sales during this period to manage their cash flows and before milting occurs. Not surprisingly, prices (ex-farm/iced packed) of 200-300 g to 600-800 g bream were about USD 4.28 per kg regardless of size category throughout November and December 2015. Prices of bass also remained around USD 4.96 per kg during these same months. Due to the decrease in stocks following this sales period, prices are expected to rise and remain stable throughout January to mid-May for 400-600 g and 600-800 g bream. The same trend is also expected for bass.

Top importers of fresh seabream from Turkey
Unit: 1 000 tonnes, Jan-Sep

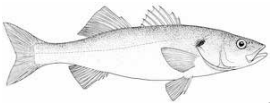


Source: State Institute of Statistics

According to industry sources, total hatchery production of bass and bream for Turkey in 2016 is expected to be about 400 million juveniles, approximately the same as initially planned for 2015. Due to some bio-technical problems, Turkish hatcheries struggled to meet the demand for bass juveniles in 2015, but will seemingly be able meet the demand in 2016.

Italy

In the first nine months of 2015, Italy imported around 37 800 tonnes of both bass and bream for a total value of EUR 207 million. These figures reflect year-on-year increases of around 4% and 13% respectively, pointing to the relatively higher prices in 2015. After steadily increasing its share of the Italian market at the expense of Greece, Turkey supplied 19% of the volume over the same period, with Greece accounting for 62%. As seen in other markets, it is bream where the price increase has been most pronounced due



Italian imports of fresh seabream and seabass

Product and origin	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Seabream *(dentex/pagellus)*						
Spain	0.4	0.4	0.4	0.4	0.4	0.4
Greece	0.9	0.6	0.7	0.2	0.2	0.2
Total	**1.6**	**1.3**	**1.4**	**0.9**	**0.9**	**0.7**
Seabream *(gilthead)*						
Greece	12.8	12.9	14.4	14.5	13.8	11.7
Turkey	1.6	1.3	1.5	2.0	2.5	3.8
Malta	1.2	1.4	1.5	0.9	1.0	1.2
Total	**16.7**	**16.9**	**19.0**	**19.2**	**19.2**	**19.3**
Seabass						
Greece	12.5	12.7	11.7	11.3	11.9	11.6
Turkey	1.8	1.4	1.7	2.2	2.8	3.5
Croatia	0.8	1.3	0.9	0.9	1.1	1.8
France	0.8	0.7	0.6	0.7	0.3	0.3
Total	**16.3**	**17.1**	**15.5**	**15.9**	**17.0**	**18.6**
Gr.Total	**34.7**	**35.3**	**35.8**	**35.9**	**37.1**	**38.6**

Source: ISTAT

to lower supply. Italy's domestic bass and bream industry, supplying the premium segment, saw flat bass production and around a 5% increase in bream production, boosting fresh exports to France also at higher prices.

Spain

Despite a generally more optimistic outlook for the Spanish economy and private spending, bass and bream sales dropped sharply in 2015. Import volumes of both species combined fell by some 14% in the first nine months of the year with total value for the same period down by 7%. This drop in imports was almost entirely accounted for by bass, but a reduction in bream consumption was also observed when lower domestic bream production is taken into account. It is likely that increased prices are a significant factor underlying the market situation, particularly for bream.

France

Demand on the French market was noticeably affected by higher prices for imported bream in 2015, with import volumes of the species dropping 12% in the first 10 months of 2015. However, buyers have shown increased interest in relatively cheaper imported bass (+15% in volume over the same period), which consequently has been more readily available to French consumers. Turkish fish, previously largely shunned by French consumers, increased its share of the import market over the same period, up to 10%.

Russia

In 2015, the demand for bass and bream was estimated to have fallen by 40-50% compared with 2014, due to the devaluation of the ruble and inflation.

In the first 10 months of 2015, total Russian fish imports from Turkey amounted to only 6 870 tonnes, most of which was comprised of bass and bream. This is in comparison to the same time period in 2014, when the total fish import volume from Turkey was 10 600 tonnes.

On 30 November 2015, Russia announced a ban on Turkish imports of fruits and vegetables and a number of other food products that would begin on 1 January 2016. These sanctions were announced as a political move over the Turkish shooting of a Russian jet near the Syrian border. As of this writing, fish products from Turkey have not been included in the list of banned import products set forth, but it is expected that there could be possible restrictions on Turkish fish in the future, potentially further reducing supply options as Greek fish is currently banned under the ongoing Russian embargos.

Other markets

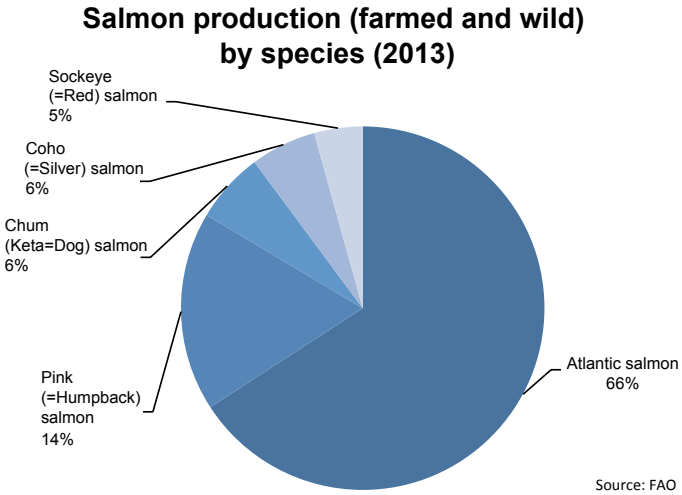
In the UK, a strong pound has minimized the impact of higher euro prices on consumer demand, and import volumes in the first 10 months of 2015 were up 9%, with bass from the Netherlands increasingly popular. Meanwhile, the US market remained stable while Russian imports, 100% sourced from Turkey, falling significantly as the economic situation declined.

Outlook

Despite some general social and economic uncertainty in Europe at present, the current state of relative stability in the market is expected to continue at least through 2016 as total supply is forecasted to fall further. For both bass and bream, the total drop is likely to be around 2-3%. In particular, the two major producers of Turkey and Greece will cut back on volumes, although the Spanish sector is predicted to rebound somewhat from 2015's shortfall. Investment in research and development projects from various sources, including the EU, should see continuing technical advancement in the industry. On the marketing side, quality certifications and ecolabelling as well as product innovation are becoming more widespread.

2015 a successful year for Norway but challenging times for other suppliers

While Norwegian exporters reaped the rewards of high, stable prices and increasing market shares, Chilean, UK and wild salmon producers all suffered to varying degrees in 2015. Consumer backlash, biological issues, unfavourable exchange rate development and oversupply have all contributed to falling revenues and reduced profitability. Meanwhile, the FDA's recent approval of GM salmon production has been the subject of much public debate around the world.



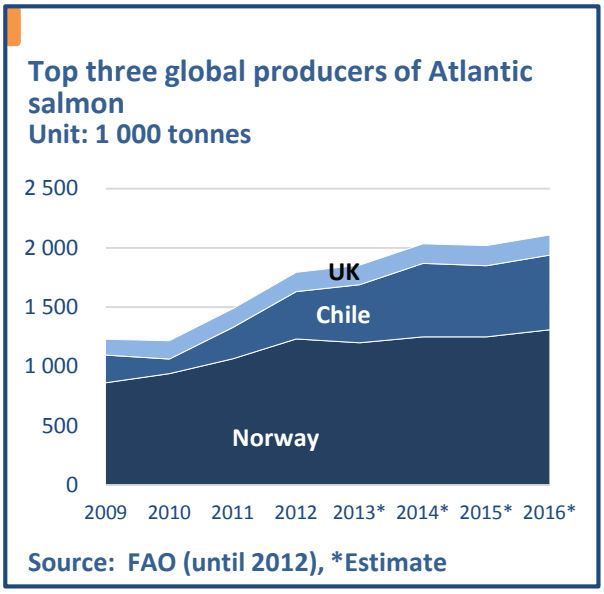
Although high levels of sealice have prompted unplanned harvesting in Norway on a number of occasions in 2015, there have been relatively few price shocks for Norwegian farmed Atlantic salmon traders to contend with. Instead, both Chilean and UK exporters have been losing market share to Norway in the large US market, and together with a revitalized French demand for Norwegian fish, this has been enough to keep prices high.

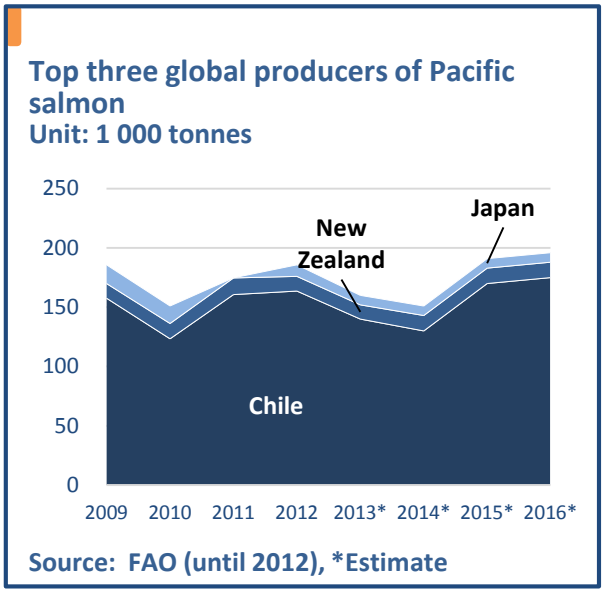
Concern amongst Chilean industry players is growing as a steep drop in prices, mainly reflecting economic deterioration and a shift in retailer sourcing strategies in major markets, has seen aquaculture companies incur substantial losses in 2015.

For wild salmon producers, plentiful harvests are flooding the market with fish and driving down prices for all the major species. Combined harvest volumes in Alaska and the Russian Far East of 830 000 tonnes were approximately 5% less than in 2013, the last odd year, but 2013 itself was a record year. For Alaskan pink and sockeye the situation is now particularly dire, as the excess supply has depressed prices to around USD 0.2 per pound and USD 0.7 per pound respectively. However, the combination of exceptionally low prices and increased availability of fish may represent an opportunity to attract wider consumer interest and increase market penetration in the long-term.

Norway

2015 began with relatively higher biomasses of Atlantic salmon in Norwegian pens, and a smaller proportion of larger fish. Combined with forced harvesting due to sealice, this kept prices below 2014 levels until approximately mid-year when tightening supply saw 2015 prices rise above those last year. In late November, seasonal demand then pushed prices further upwards, reaching NOK 50.2 per kg by week 49 according to the NASDAQ salmon index, some NOK 3 higher than last year.





Norwegian exports of salmon (by product and destination)

Product and destination	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(bill. NOK)					
Total salmon	**551.0**	**572.5**	**710.1**	**667.2**	**719.8**	**749.6**
Fresh	**433.8**	**466.3**	**591.3**	**559.3**	**598.1**	**632.5**
Poland	58.3	54.1	71.3	77.1	82.0	90.8
France	69.0	71.6	80.4	73.7	65.6	68.6
Denmark	45.2	45.9	49.7	44.6	49.4	55.1
Others	261.33	294.74	389.92	363.95	401.06	418.06
Frozen	**33.4**	**35.4**	**36.1**	**27.8**	**31.2**	**25.4**
Kazakhstan	1.2	1.2	2.0	2.3	2.6	3.2
Thailand	4.2	3.7	4.0	2.8	2.5	2.1
Ukraine	3.1	3.1	2.4	2.6	1.6	1.9
Others	24.97	27.27	27.62	20.07	24.47	18.27
Fresh fillets	**50.0**	**39.4**	**47.8**	**48.1**	**55.4**	**57.1**
France	NA	NA	13.9	14.1	13.1	15.0
USA	NA	NA	2.4	2.8	6.8	8.7
Japan	NA	NA	3.8	5.2	6.8	8.0
Others	NA	NA	27.68	26.05	28.74	25.39
Frozen fillets	**32.1**	**30.2**	**33.6**	**30.8**	**33.7**	**33.2**
Sweden	2.9	3.1	5.0	5.2	6.9	7.5
USA	7.6	6.2	6.9	4.4	6.8	5.7
Israel	0.7	1.8	1.8	1.0	2.0	2.3
Others	20.95	19.0	19.9	20.2	18.0	17.7
Trout	**18.2**	**17.5**	**38.7**	**38.8**	**36.8**	**33.6**

Source: Statistics Norway

Due largely to a continuous weakening of the Norwegian krone (on average 7% down versus the euro and 28% down versus the US dollar in 2015), higher prices have not overly affected demand growth in core markets. Indeed, in October, the Norwegian Seafood Council reported all-time record salmon export sales for a single month at NOK 4.7 billion. By the end of November, total year-to-date exports of Norwegian salmon came to 943 000 tonnes, for a total value of NOK 42.7 billion, year-on-year increases of 4% and 8% respectively. While the EU continues to be by far the best performing market, export figures in Asia and the USA have also been impressive for 2015, with total value up 28% and 60% respectively.

Norwegian salmon's increased presence on the US market and its returning presence on the French market are both particularly welcome developments for the industry. In the US case, the improved image of Norwegian salmon from a sustainability perspective has been attracting the attention of US retailers, while importers have also been incentivized to source Norwegian by the favourable exchange rate. For France and other large EU markets such as Poland, the UK and Spain, currency strength has also been an important factor, particularly when the British pound has been gaining against the euro (on average up 11% in 2015). At the same time, however, there are limited alternatives with the Faroe Islands and Chile both targeting the Russian market from which Norway has been excluded since August last year.

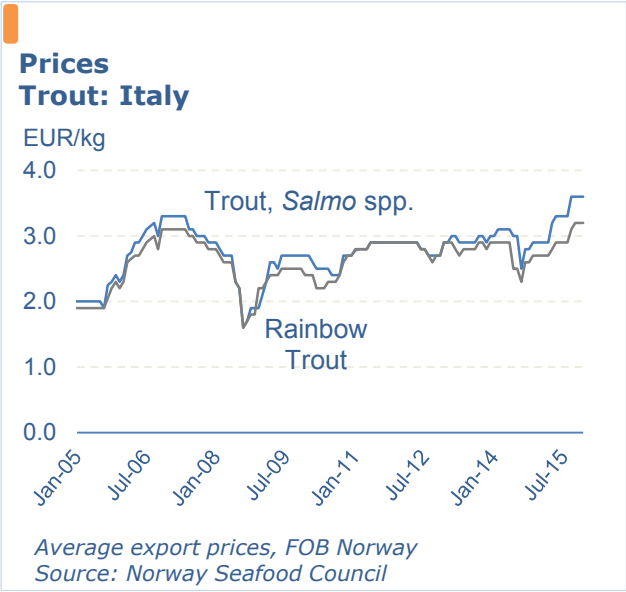
The outlook for the Norwegian industry is still very positive, particularly with recent forecasts for minimal production growth in 2016. Combined with biomasses that are currently marginally below last year's, this has steadily pushed prices upwards. Fishpool.eu reports averages of NOK 46 per kg for 2016 as a whole, with forward prices for the first three months of the year as above NOK 50 per kg. So long as Norwegian farmers can keep feed and biological costs from spiraling out of control, low production and strong demand in the EU, Asia and the USA suggest that 2016 will be another profitable one for the Norwegian industry.

Trout

After a long period of low prices and lack of buyers following the Russian import ban in August 2014, Norwegian trout exporters actually posted 57% growth in total export value (expressed in NOK) and 37% higher volume in November, according to the Norwegian Seafood Council. These figures point to Norwegian success in developing alternative markets across Eastern Europe, Belarus and Poland in particular, as well as substantially increasing fresh trout exports to the USA and frozen to Japan. However, biomasses at farms are now significantly higher than last year and are composed of relatively larger trout, and it remains to be seen if these volumes can be absorbed at current price levels once season demand weakens.

Chile

2015 has been a difficult time for the Chilean salmon industry with major companies all posting declines in shares. According to El Mercurio, some analysts believe that local companies are losing about a dollar per kg to produce, which is not sustainable in the long term. Production is overall down. Two fundamental factors underlying the erratic profitability of the Chilean salmon farming sector is high pen density, increasing disease incidence and hence



Average export prices, FOB Norway
Source: Norway Seafood Council

the need for antibiotics, and a general lack of consolidation. The industry is now looking to regulators to address these issues before sustainable growth can be achieved. However, in relation to sanitary matters, 2015 has been positive for Chile.

Despite the appreciation of the dollar against the Chilean peso (a factor that has benefited the Chilean export industry), low sale prices of salmon, coupled with high production costs, have led to very poor performance for the industry for 2015. Major currency devaluations in Russia and Brazil have resulted in Chilean production to be mainly destined to the USA.

According to preliminary figures from Sernapesca, during the first nine months of 2015, 257 607 tonnes of Atlantic salmon were harvested, 43.5% less than compared with the same period of 2014. As for rainbow trout, 8 323 tonnes were recorded, which means a considerable fall of 91%.

Analysts predict that production will remain stable in 2016, while juvenile salmon harvests will fall about 8%. Prices are expected to reach a turning point. Supply should not grow higher than levels forecasted and towards the end of 2016, supplies of Atlantic salmon are expected to tighten. As a result, there could be some strengthening of prices, especially if the price growth for Norwegian salmon continues.

Given the continuous demand increase in the main global markets, along with the recovery of purchasing power and the levelling of the exchange rate of their currencies, the level of prices could perhaps return to more attractive levels next year. However, in order for Chile to build back to its competitive global position, consolidation, regulatory revision and brand building will all need to be undertaken.

Chilean exports of salmon (by product)

	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Salmon	**109.8**	**161.8**	**239.2**	**310.8**	**348.5**	**364.8**
Frozen	70.7	101.7	138.2	194.8	207.2	210.7
Fresh	35.0	56.5	96.3	112.1	138.1	150.8
Canned	0.9	0.4	0.6	0.4	0.7	0.5
Salted	1.4	1.1	1.7	1.4	0.7	1.1
Smoked	1.9	2.2	2.4	2.2	1.7	1.7
Trout	**87.8**	**99.5**	**103.8**	**87.6**	**56.0**	**51.9**
Frozen	73.4	86.6	92.4	77.1	48.4	44.2
Fresh	9.6	7.7	5.9	5.9	5.4	5.4
Canned	0.1	0.0	0.0	0.0	0.0	0.0
Salted	2.6	2.6	2.4	1.7	0.8	1.1
Smoked	2.2	2.6	3.1	3.0	1.5	1.1
Total	**197.6**	**261.3**	**343.0**	**398.4**	**404.5**	**416.7**

Source: Boletín de Exportaciones del IFOP

UK

As in Norway, currency trends are affecting export patterns and prices in the UK, but the effect has been diametrically opposite to the one in Norway. A strong pound has made Scottish salmon less appealing to US buyers, who can now choose from Canadian or Norwegian sources for their fresh Atlantic salmon, where a strong US dollar has greater purchasing power. Scottish farmers are also facing biological challenges and both harvests and revenues are down.

On the import side, volumes and prices were also down, by some 13% and 9% respectively, for the first nine months of 2015. However, consumer surveys point to continued strong domestic demand for salmon. In fact, shoppers are increasingly choosing salmon over canned tuna, reflecting both the recent negative media coverage of tuna fishing practices as well as the improved image of salmon in terms of health and sustainability.

Markets

The stark contrast between Norwegian and other suppliers' outcomes in 2015 reflects the dynamics of a number of

UK exports of salmon (by product and destination)

	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Fresh						
USA	18.1	22.9	23.9	28.2	32.8	23.0
France	15.9	11.7	13.2	12.2	18.5	20.8
China	0.0	2.9	4.8	7.2	11.3	8.2
Ireland	1.7	2.4	2.9	3.1	4.2	4.1
Poland	1.5	4.3	5.3	3.9	2.1	1.5
Others	5.7	5.1	7.4	10.8	9.9	5.7
Total	**42.9**	**49.3**	**57.5**	**65.4**	**78.8**	**63.3**
Frozen						
Ukraine	0.0	0.1	0.6	1.1	1.5	0.9
France	1.4	1.5	1.0	0.9	1.3	1.9
Viet Nam	0.1	0.0	0.1	0.1	0.1	1.0
Ireland	0.1	0.2	0.1	0.0	0.0	0.8
Others	2.6	2.9	4.0	2.8	3.0	3.3
Total	**4.2**	**4.7**	**5.8**	**4.9**	**5.9**	**7.9**
Canned						
Ireland	0.6	0.7	0.6	0.5	0.5	0.4
Viet Nam	0.0	0.0	0.1	0.5	0.6	1.1
Others	0.3	0.2	0.6	0.2	0.2	0.4
Smoked						
France	0.6	0.5	0.6	0.6	0.6	0.6
Italy	0.4	0.5	0.5	0.6	0.5	0.8
Ireland	0.3	0.3	0.3	0.3	0.3	0.3
Others	3.0	2.3	1.9	1.7	1.7	1.6
Total	**4.3**	**3.6**	**3.3**	**3.2**	**3.1**	**3.3**
Gr. Total	**52.3**	**58.5**	**67.9**	**74.7**	**89.1**	**76.4**

Source: Her Majesty's Revenue & Customs

different demand factors. One of these is exchange rates, whose importance is naturally greater when a market, for example the USA, has more options to choose from in sourcing for different segments. The other is the image of the product and the reputation of the industry. Norway has invested heavily in achieving and communicating sustainability and it is now seeing some return. This should also serve to emphasize that the FDA's approval of the first GM salmon, which is stimulating fierce debate across the world, is only the first step if the final product is to be viable – consumers will have to overcome their natural aversion to the very concept of genetically modified meat. At the same time, the lack of compulsory labelling may have implications for non-GM salmon producers if the consumer is unable to distinguish between the two.

Russia

The Russian salmon market has been largely influenced by the effects of the food embargo, and the availability of fresh salmon in particular is significantly down. According to the Federal Customs Statistic Service, Russian imports of all salmon totalled 59 900 tonnes, declining 30% compared with the same period in 2014. The biggest drop was observed in the category of fresh salmon (-74%), with imports from Norway only minorly replaced with supplies from the Faroe Islands, which is currently the only supplier of fresh salmon to the Russian market.

In terms of frozen salmon, imports during the first nine months of the year were increasing from 38 900 tonnes in January-September 2014 to 44 400 tonnes in the same period in 2015. Chile is the main supplier of frozen salmon products to the Russian market with volumes growing from 23 800 tonnes to 41 000 tonnes during these periods.

In 2013, the Russian salmon market was estimated to absorb 380 000 tonnes. About 40% was comprised of imports, with most in fresh and chilled form. Currently, Russian consumers are starting to give up salmon due to the high price.

Russian imports of salmon (by product and origin)

Product and orgin	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Fresh						
Faroe Islands	0.0	0.5	4.3	1.0	4.3	13.4
Norway	45.9	58.2	87.1	67.7	47.3	0.0
Others	0.8	1.2	0.0	0.0	0.1	0.0
Total	**46.7**	**59.9**	**91.4**	**68.7**	**51.7**	**13.4**
Frozen						
Chile	1.5	1.8	1.8	21.2	23.8	41.0
Faroe Islands	0.1	0.2	0.0	0.0	0.0	2.7
Belarus	0.0	0.0	0.0	1.4	2.0	0.6
Others	9.6	10.0	13.4	14.2	13.1	0.1
Total	**11.2**	**12.0**	**15.2**	**36.8**	**38.9**	**44.4**
Gr. Total	**57.9**	**72.0**	**106.6**	**105.6**	**90.9**	**59.9**

Source: Federal Customs Service of Russia

France

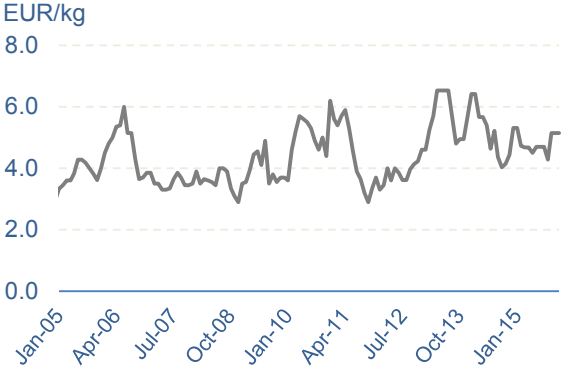
There has been somewhat of a turnaround in the French salmon market in 2015, following two years of slow sales due mainly to negative media coverage of the Norwegian salmon farming industry. A stronger euro versus the krone has also benefitted French importers and allowed Norwegian suppliers to recover some previously lost share of the market. However, French smokehouses and retailers

French imports of salmon (by product and origin)

Product and orgin	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Fresh whole	**76.6**	**73.0**	**85.6**	**77.6**	**72.9**	**74.0**
Norway	55.4	51.0	61.4	55.8	46.5	47.2
UK	13.7	14.4	15.1	14.2	18.4	18.9
Froz. Pacific	**2.9**	**2.5**	**1.5**	**2.0**	**1.8**	**2.4**
USA	2.6	2.5	1.4	1.7	1.6	2.2
Froz. Atlantic	**3.5**	**6.1**	**0.8**	**0.6**	**0.5**	**0.6**
UK	1.5	1.2	0.2	0.1	0.1	0.1
Norway	0.6	4.1	0.2	0.1	0.1	0.1
Smoked	**4.7**	**4.8**	**6.0**	**5.9**	**5.1**	**5.7**
UK	0.5	0.5	0.6	0.4	0.5	0.6
Poland	3.5	3.6	4.3	4.5	3.4	3.6
Fresh fillets	**7.9**	**8.6**	**13.6**	**14.1**	**12.9**	**13.8**
Norway	7.2	7.9	12.2	12.3	10.3	11.0
Frozen fillets	**15.0**	**15.6**	**13.8**	**17.0**	**17.7**	**14.2**
Chile	2.9	3.1	4.4	7.0	5.5	4.7
China	6.0	6.5	4.1	3.6	4.2	3.5
Canned	**1.4**	**1.4**	**1.2**	**1.6**	**1.1**	**1.3**
Thailand	0.4	0.2	0.3	0.4	0.3	0.3
Denmark	0.3	0.5	0.5	0.4	0.3	0.3
Grand Total	**113.0**	**112.3**	**122.6**	**118.8**	**112.1**	**112.0**

Source: Direction Nationale des Statistiques du Commerce

Prices
Salmon: France



Fresh, gutted, head-on, 3-6 kg/pc, origin: Norway
Source: European Price Report

Japanese imports of salmon(by product and origin)

Product and origin	Jan-Sep 2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Fresh*	**15.0**	**15.7**	**21.4**	**16.6**	**14.9**	**15.9**
Norway	13.0	13.3	19.4	14.0	13.2	14.0
Australia	0.9	1.2	0.9	0.6	0.3	0.6
UK	0.3	0.4	0.4	0.5	0.3	0.2
New Zealand	0.5	0.5	0.4	0.4	0.2	0.2
Frozen**	**97.3**	**103.9**	**118.7**	**117.2**	**86.8**	**105.1**
Chile	55.2	69.2	92.7	84.6	59.1	70.9
Russia	19.0	18.1	16.6	25.9	20.8	18.3
USA	19.0	13.4	7.6	3.5	5.2	14.3
Canada	1.9	1.2	0.5	0.9	1.2	0.5
New Zealand	1.4	0.8	0.5	1.7	0.1	0.4
Fresh fillets	**NA**	**NA**	**4.3**	**5.4**	**6.8**	**8.0**
Norway	NA	NA	3.8	5.3	6.8	8.0
Frozen fillets	**NA**	**NA**	**12.6**	**9.3**	**16.7**	**14.5**
Chile	NA	NA	7.8	5.4	12.9	10.7
Norway	NA	NA	3.6	2.5	2.1	1.8
Grand Total	**112.3**	**119.6**	**157.0**	**148.5**	**125.2**	**143.5**

Source: Japan Customs *mainly Atlantic **mainly Pacific

Note: 2008-2011 grand totals do not include fillets

German imports of salmon (by product and origin)

Product and origin	Jan-Sep 2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Fresh	**34.8**	**35.8**	**33.2**	**34.5**	**45.3**	**43.6**
Norway	31.3	32.2	29.7	28.6	31.7	30.5
Denmark	1.5	1.5	1.5	3.8	11.5	11.3
Others	2.1	2.1	2.0	2.1	2.1	1.7
Frozen	**3.9**	**3.2**	**2.8**	**5.5**	**4.8**	**3.8**
USA	1.8	1.9	1.2	2.5	1.9	2.3
Denmark	0.7	0.5	0.7	1.2	0.5	0.7
Others	1.3	0.9	0.9	1.8	2.4	0.8
Smoked	**22.3**	**24.8**	**23.2**	**26.4**	**25.7**	**28.1**
Poland	17.7	18.1	17.0	20.9	17.9	19.9
Lithuania	2.7	3.7	3.6	2.6	3.9	4.3
Denmark	0.7	1.4	0.8	1.1	0.8	1.2
Others	1.2	1.7	1.7	1.9	3.1	2.7
Others	**60.3**	**0.8**	**0.6**	**0.8**	**0.9**	**0.8**
Total	**94.0**	**96.2**	**89.6**	**108.7**	**121.5**	**116.6**

Source: Germany Customs

US imports of salmon (by product and origin)

Product and origin	Jan-Sep 2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Fresh fillets	**45.2**	**49.3**	**62.2**	**77.5**	**92.2**	**97.1**
Chile	15.4	29.6	48.0	60.6	69.6	71.7
Norway	18.9	6.4	2.9	3.5	8.4	12.2
Canada	5.6	4.0	3.3	4.6	3.0	4.7
Others	5.3	9.3	8.0	8.8	11.2	8.5
Frozen fillets	**45.4**	**46.1**	**45.0**	**52.0**	**62.0**	**56.1**
Chile	NA	NA	14.9	20.0	22.3	21.0
China	NA	NA	21.0	25.2	29.8	25.6
Norway	NA	NA	6.6	4.6	6.7	6.8
Others	NA	NA	2.5	2.2	3.2	2.7
Smoked	**3.1**	**3.3**	**3.8**	**3.8**	**3.5**	**4.2**
Chile	1.2	1.7	1.9	1.7	1.0	1.2
Netherlands	0.8	0.9	1.2	1.3	1.6	1.7
Others	1.1	0.7	0.7	0.8	0.9	1.3
All salmon	**176.9**	**174.5**	**206.9**	**220.3**	**238.1**	**255.8**

Source: NMFS

are still looking for ways to differentiate product sourced from wild fisheries or from other farming countries.

Germany

German imports of salmon were approximately flat year-on-year in the first nine months of 2015. The relative share of different product forms is also largely unchanged, with the significant increase in fresh salmon imports seen in 2014 maintained in 2015. This reflects shifting consumer preferences towards fresh product sold increasingly through discounters, although smoked salmon from Poland is still popular.

Japan

The significant availability of cheap fish has seen Japanese imports of salmon increase substantially this year, with total import volume up 20% in the first ten months of the year. High sockeye harvests in Alaska has pushed prices down and encouraged buyers to up purchases, while lower frozen Chilean coho prices and a stronger yen versus the krone have also seen farmed salmon imports increase from Norway and Chile. Domestic landings, mainly from the Hokkaido and Sanriku fisheries, have decreased, but increased imports will likely see a net increase in supply.

Outlook

With the Chilean farming sector seeking regulatory intervention to reduce pen densities and a maximum of 3% growth annually forecasted for Norway by Pareto Securities, global salmon supply is expected to be tight over the next few years. With the current strong demand in the EU and USA, and growth seen in smaller emerging markets, this should be sufficient to support sustainable prices for the majority of producers. However, it remains to be seen how quickly Chile can find its way back into a competitive position, which is dependent on consolidation, regulatory revision and brand building. For wild salmon producers, the focus will be on differentiation of their product in the market place.

Lower mackerel quotas and higher prices

The 2016 mackerel quotas have been reduced by 15%, but still remain well above the level recommended by ICES. With the reduced quota, supplies of mackerel may become tighter, and prices could turn around and strengthen in the near future. The herring fishery is off to a strong start, with larger sizes being caught. Herring prices are on the way up.

Norwegian exports of small pelagics (by product and destination)

Product and destination	Jan-Sep 2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Frozen mackerel						
Nigeria	24.9	3.0	7.5	1.1	24.3	22.0
Netherlands	2.2	6.3	8.6	2.6	13.3	20.3
Japan	49.8	25.1	13.1	12.1	22.0	17.0
Others	99.4	93.7	86.3	79.6	94.5	83.7
Total	**176.3**	**128.1**	**115.5**	**95.4**	**154.1**	**143.0**
Whole frozen herring						
Ukraine	39.9	39.3	33.6	19.1	20.9	16.3
Netherlands	17.4	14.9	8.8	11.9	12.6	10.9
Egypt	21.8	16.2	14.2	9.8	3.2	10.3
Others	205.1	132.8	85.7	71.7	69.0	29.4
Total	**284.2**	**203.2**	**142.3**	**112.5**	**105.7**	**66.9**
Grand Total	**460.5**	**331.3**	**257.8**	**207.9**	**259.8**	**209.9**

Source: Statistics Norway

Mackerel

In October, Norway, the EU and the Faroe Islands reached an agreement on the mackerel quota for 2016, to be set at 895 900 tonnes. This is almost 230 000 tonnes above what ICES suggested, but still 15% less than the 2015 quota. The distribution of the quota among the three parties was set as follows: Norway 201 663 tonnes, the EU 441 586 tonnes, and the Faroe Islands 112 892 tonnes. The remaining 139 759 tonnes were to be distributed to third parties, including Iceland, Greenland and Russia (Source: *FiskeribladetFiskaren*).

At the end of November, attempts were made to finalize the 2016 mackerel quotas for these third party countries, which 15.6% of the quota was allocated for. Attempts to distribute this failed during the negotiations, and there is now concern that Iceland and Greenland will again set their own quotas, as they did last year. As a result, this could lead to overfishing of the total quota of 895 900 tonnes (Source: *FiskeribladetFiskaren*).

South Pacific jack mackerel catches are well below the approved TAC, according to Undercurrent News. The TAC for the 2015 season was set at 460 000 tonnes, but by the end of September only 385 000 tonnes have been landed. Part of the reason for the low catches was that the fishing effort has been reduced. Faroese vessels did not participate in the fishery this year, and the Russian fleet arrived late.

Trade

In the first three quarters of 2015, Norwegian exports of pelagics declined somewhat compared with the same period in 2014. Total exports of small pelagics amounted to NOK 3.7 billion, a reduction of 6% compared with the same period in 2014.

Mackerel exports declined by 7.2% to 147 787 tonnes, with a fob value of NOK 1.6 billion, compared with NOK 1.7 billion last year. The most important market for Norwegian

German imports of small pelagics (by product and origin)

Product and origin	Jan-Sep 2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Frozen mackerel						
Netherlands	3.8	4.4	3.9	2.6	2.9	7.6
UK	1.4	5.1	7.2	7.8	6.2	3.7
Faroe Islands	0.3	4.7	2.9	3.2	3.8	1.8
Others	11.0	10.7	5.3	5.8	6.2	5.8
Total	**16.5**	**24.9**	**19.3**	**19.4**	**19.1**	**18.9**
Frozen herring fillets						
Norway	9.9	7.3	8.7	5.0	5.5	2.6
Denmark	1.3	1.2	4.2	3.3	2.8	2.2
Netherlands	1.0	0.9	0.8	0.7	0.9	0.8
Others	1.4	1.8	9.4	6.0	3.0	1.9
Total	**13.6**	**11.2**	**23.1**	**15.0**	**12.2**	**7.5**
Grand total	**30.1**	**36.1**	**42.4**	**34.4**	**31.3**	**26.4**

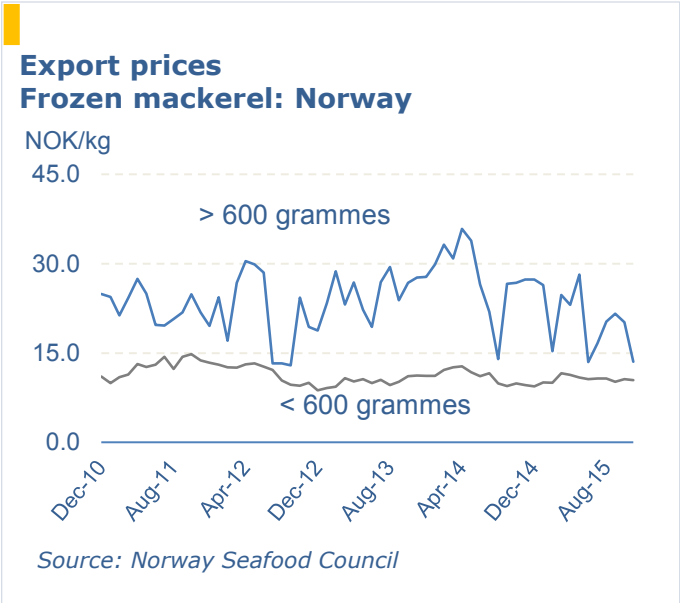
Source: Germany customs

frozen mackerel was Nigeria, which took 15.4% of the total export volume during the first nine months. Still, exports to Nigeria fell by 9.5% compared with the same period in 2014. The second largest market for frozen Norwegian mackerel was the Netherlands, which actually increased imports from Norway notably by almost 53% to 20 300 tonnes. Japan, which has been a major market for Norwegian mackerel for decades, registered a decline of 23% in 2015 to 17 000 tonnes.

In recent years, China has become a growing importer of round frozen mackerel from Norway, which has been processed in China and re-exported, mainly to Japan. But in 2015, imports from Norway dropped significantly, from 31 700 in the first nine months of 2014 to just 16 300 tonnes in 2015. (Source: *Norwegian Seafood Council*).

Prices

Icelandic exporters are reporting weak mackerel prices as a result of good catches that have flooded the market, compounded by the effects of the Russian sanctions again Icelandic and other western nations. Prices in Asia are slightly higher than in the European market, according to reports, but even here prices are low as there is still mackerel from last year in cold storage.



Norwegian first-hand mackerel prices have been considerably higher in 2015 than in 2014. According to information from the Norwegian Herring Sales Organization, the average price to the fishermen in 2015 through October was NOK 8.55 per kg, while the price in the same period of 2014 was just NOK 7.07 per kg.

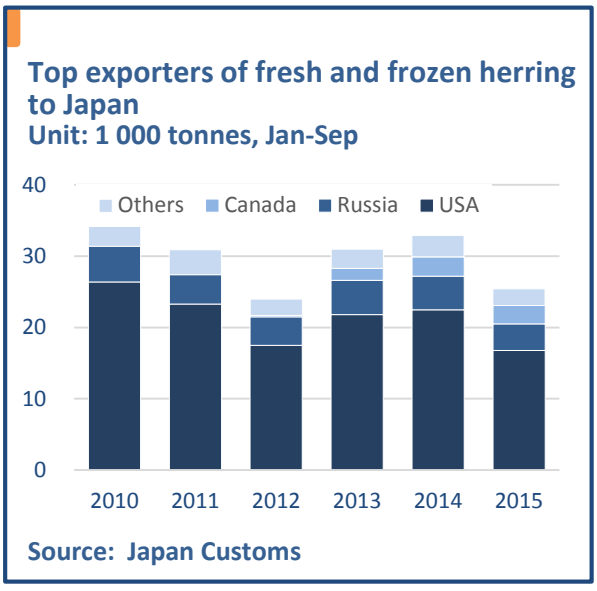
Herring

Imports of fresh and frozen herring into Japan declined by almost 23% during the first nine months of 2015, to 25 400 tonnes. Most of this decline was caused by a 25% reduction in shipments from the lead supplier, the USA. Other major suppliers also registered slight reductions in their shipments.

Norwegian fishermen have reported that they were catching a lot of large sized herring in the coastal fishery in December. At the same time, first-hand prices and demand have been strong. Added to these factors is the currency exchange situation, which was in favour of the fishermen. The Norwegian krone was weak towards the end of the year, and that translated into high prices in NOK.

Trade

Norway, which is one of the main suppliers of frozen herring, registered a noticeable reduction in its exports during the first nine months of 2015. Total herring exports dropped from 203 336 tonnes in 2014 to 137 904 tonnes in 2015 (-32.2%). The export value also fell, from NOK 1.7 billion in 2014 to NOK 1.5 billion in 2015, (-16%). However, the average export price increased by almost 24% from NOK 8.53 per kg in 2014 to NOK 10.56 per kg in 2015.

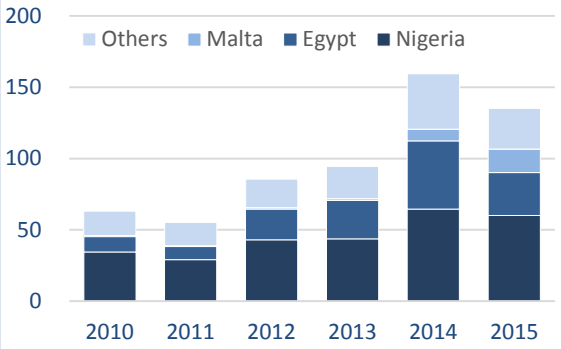


The main markets for the major product, frozen herring, were Ukraine, the Netherlands and Egypt. However, during the first nine months of the year, shipments to Ukraine declined by 22%, and to the Netherlands by 13.5%, while shipments to Egypt increased more than threefold, from 3 200 tonnes to 10 900 tonnes, compared with the same time in 2014. Lithuania, which in 2014 was the number

three market for frozen Norwegian herring, dropped to forth place in 2015, as imports into Lithuania declined from 16 400 tonnes to just 8 700 tonnes during the same period. (Source: *Norwegian Seafood Council*).

Another major supplier of frozen herring, the Netherlands, also registered a decline in exports during the first nine months of 2015. Total exports of frozen herring dropped by 15.3%, to 135 100 tonnes. This was caused by reduced shipments primarily to Egypt and Nigeria, while exports to Malta and Côte d'Ivoire doubled.

Top importers of frozen herring from the Netherlands
Unit: 1 000 tonnes, Jan-Sep

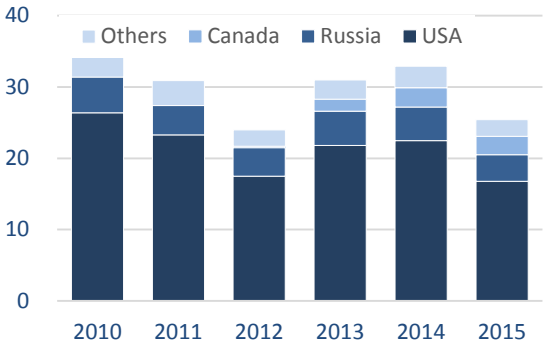


Source: Eurostat

The Russian import ban on some western countries is benefitting other suppliers. Belarussian exports of seafood to Russia have more than tripled since the ban came into effect, with herring and salmon being particularly popular products sent to Russia from this country. Indeed, Belarussian herring exports to Russia increased from 2 239 tonnes during the first seven months of 2014 to 7 279 tonnes during the same period in 2015. However, to satisfy Russian demand, Belarus had to import round fish for its processing industry. In turn, Belarussian imports of herring from Norway, the EU and Iceland increased from 13 910 tonnes during the first eight months of 2014, to 14 852 tonnes during the same period in 2015, and mackerel imports from the same countries went up from 4 077 tonnes in 2014 to 4289 tonnes in 2015 (Source: *Undercurrent News*).

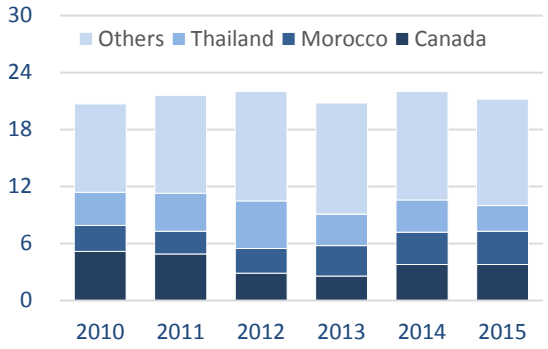
Germany's imports of small pelagics dropped markedly during the first nine months of 2015. Imports of frozen mackerel declined from 19 100 tonnes in 2014 to 18 900 tonnes in 2015 (-10%), and imports of frozen herring fillets dropped from 12 200 tonnes to just 7 500 tonnes (-39%) during the same period. The main suppliers of frozen herring fillets were Norway and Denmark, while the main suppliers of frozen mackerel were the Netherlands and the UK.

Top exporters of fresh and frozen herring to Japan
Unit: 1 000 tonnes, Jan-Sep



Source: Japan Customs

Top exporters of canned sardines to the USA
Unit: 1 000 tonnes, Jan-Sep



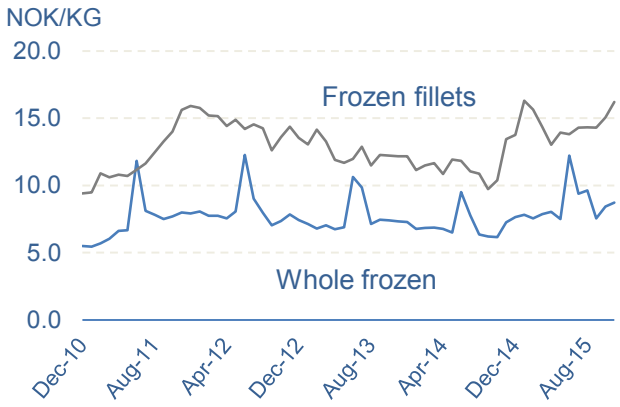
Source: NMFS

Prices

Herring prices are high this year, with the most competitive prices obtained in Denmark and Norway. Consequently, Irish vessels are landing their catch in northern Norway and getting the benefit of the high prices for Norwegian spring-spawning (NVG) herring. By landing the catch in Norway, they also secure a better quality fish. If they were to return to Ireland to land, the quality would have deteriorated, and most of their catch would then go for reduction at half the price they get in Norway.

Norwegian herring vessels are also reporting record high prices. In mid-December, they were getting NOK 8.30 to 8.41 per kg (Source: *FiskeribladetFiskaren*). According to Norwegian fishermen, the highest prices were paid in Denmark, while slightly lower prices were achieved in northern Norway.

Export prices
Frozen herring: Norway



Source: Norway Seafood Council

Sardines and anchovies

There has been a lot of speculation regarding the possibility of a strong El Niño. Previously, Peruvian authorities had estimated the chances for a strong El Niño to be about 20%, but they have now increased this probability to 55%. There is also a very high probability that this event will continue into the Peruvian summer season (December to March). This updated prediction of a strong El Niño has not, however, influenced the authorities' decision to set a high anchovy quota for the second season, which started in mid-November.

Peru initiated a new stock assessment for anchovy to be undertaken at the end of October for the north-center fishing area. After this assessment, the Ministry of Production set the total quota for the second season at 1.1 million tonnes. For 2015, the Ministry of Production announced that they estimate the year's landings of anchovy to come to some 4 million tonnes, up from 2.2 million tonnes in 2014. According to FIS.com, the second season, which started in mid-November, has so far been very strong.

Peru is continuing to promote anchovy for direct human consumption rather than as raw material for fishmeal production. In fact, the National Society of Industries asked authorities to establish a higher quota for direct human consumption, however, there currently are not enough domestic processing plants for freezing or canning anchovies. In view of the large landings of this species, advocates argue that diverting a part of the landings to direct human consumption would help eliminate child malnutrition in Peru.

Trade

Canned sardine imports into the USA have been relatively stable at around 20 000-22 000 tonnes per year. The main suppliers were Canada, Morocco and Thailand. Most suppliers have had stable amounts shipped to the USA, but Thailand has lost market share since 2012, while China has seen a steady increase in shipments over the last three years.

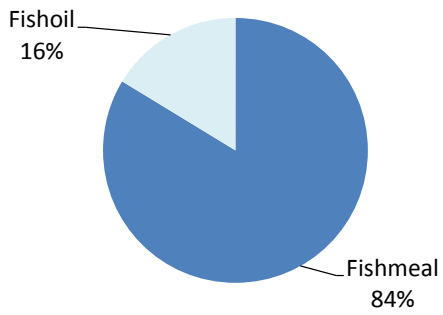
Outlook

Mackerel supplies are likely to be a bit tighter in 2016, and consequently prices may rise after having been on a slightly downward trend for some time. For herring, landings have been good at the start of the winter season, with a lot of larger-sized fish being caught. Prices have been record high, and continued their upward surge in November. While a strong El Niño is predicted in Peru, this has not influenced the authorities to reduce the quotas, and one may expect ample supplies of anchovies in South America.

Prices again sky rocketing with the expectation of a strong El Niño

The market has been very quiet due to the largest fishmeal importing country, China, waiting for a further price correction with many buyers putting trade on hold. In the first nine months of 2015, both Peru and Chile recorded the lowest export volumes over the past six years. After the long rationalization of fishmeal and fish oil prices over the first half of 2015, high expectations for a strong El Niño have started to push up prices again in the third quarter. However, the authorization of the second anchovy fishing season in Peru reduced pressure on supply for the near term. In the long term, the general upward trend of fishmeal and fish oil prices is irreversible.

Fishmeal and fish oil production (2011)



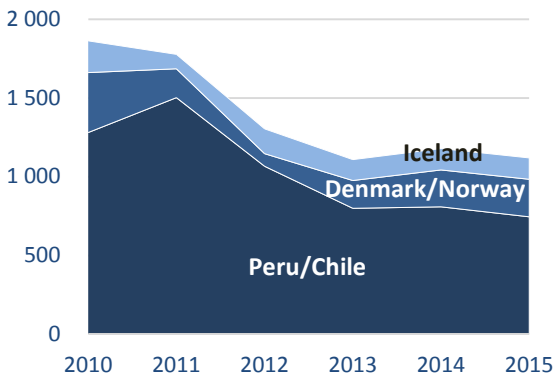
Source : FAO

Production

Fishmeal production for the first nine months from IFFO member countries decreased slightly. This decline is mostly due to the extended impacts of the cancellation of the 2014 second fishing season in Peru based on a negative finding by IMARPE on anchovy biomass. According to Undercurrent News, the daily catch level of anchovy in Peru was around 21 000 tonnes in November, while the overall quota for the second fishing season was set at 1.11 million tonnes, and catches so far did not include a high proportion of juveniles. In Europe, production remained stable during the first nine months of the year but was not able to contribute significantly to fill the supply gap.

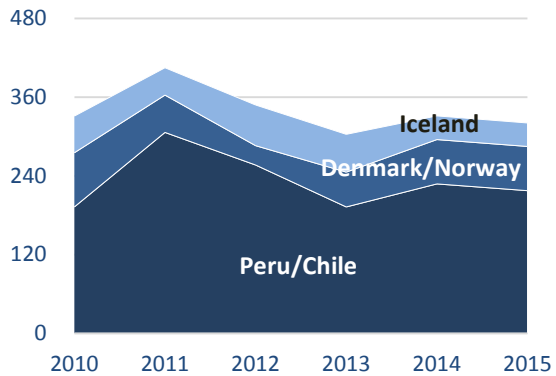
For fish oil, production in the first nine months stayed stable compared with the same period last year, with slightly less contributions from Peru and Chile. The higher quota of menhaden will help with supply levels.

Top five global producers of fishmeal
Unit: 1 000 tonnes, Jan-Sep



Source: IFFO

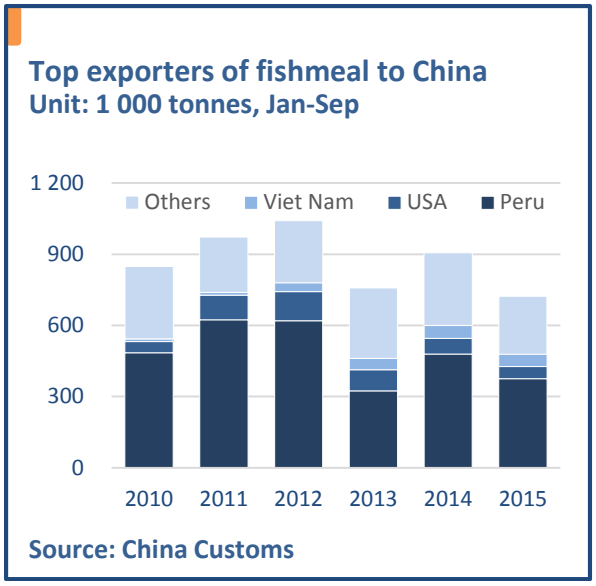
Top five global producers of fish oil
Unit: 1 000 tonnes, Jan-Sep



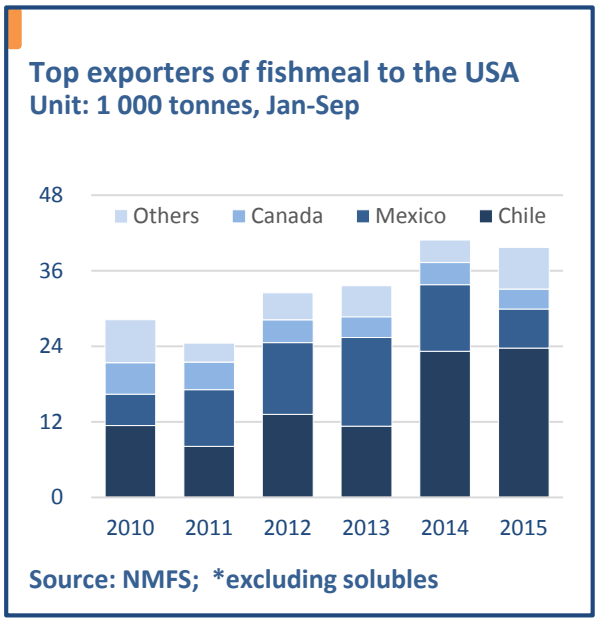
Source: IFFO

Exports

Peruvian exports of fishmeal during the first nine months of the year dropped to 521 200 tonnes, which was a decline of -30% compared with the same time period last year. In addition, this was the lowest volume for that period in the past six years. China took almost a 76% share of Peruvian fishmeal, which in contrast was the highest in the past six years. Chile only exported 141 600 tonnes of fishmeal in

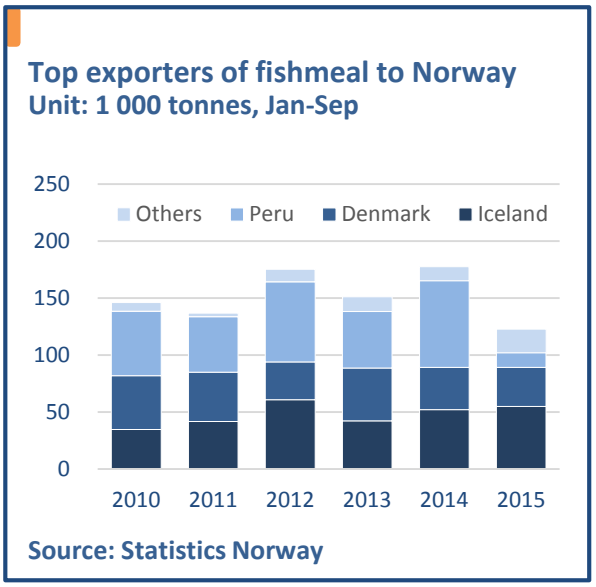


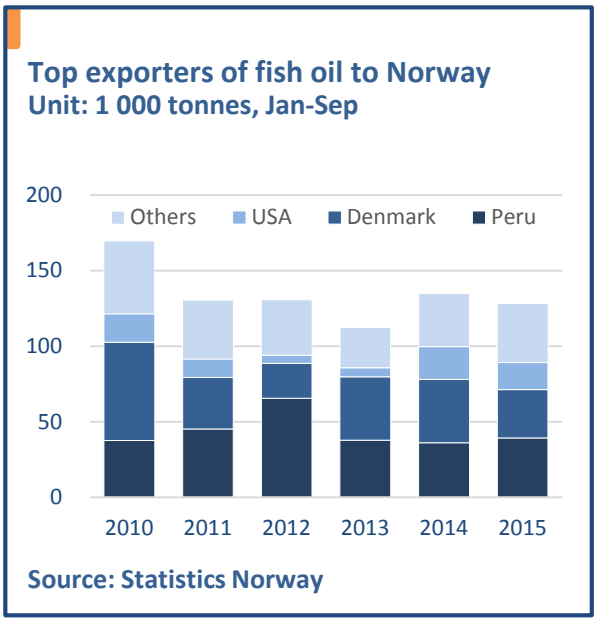
the first nine months, accounting for less than 70% of the volume for the same period in 2014. Lower exports in both countries were due to lower production and high prices. In the case of fish oil, both Peru and Chile reported lower level of exports for the first nine months of 2015 compared with the same time period in 2014.



Markets

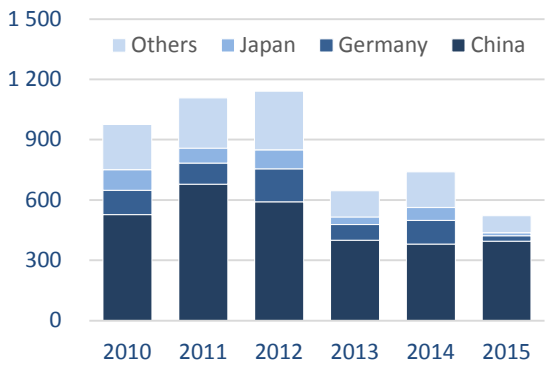
China remains the leading importing country of fishmeal, however the market has shrunk tremendously. According to IFFO, the average annual growth of fishmeal consumption in China is at about 1.5% compared with 7% some years ago. Chinese buyers acquired 722 400 tonnes of fishmeal during the first nine months of 2015 which was the lowest purchased during this period in the past six years, mainly due to the general slowdown of the economy. The main reduction was recorded in shipments originating from Peru and Chile. Norway also reduced its fishmeal imports for salmon, most notably from Peru.





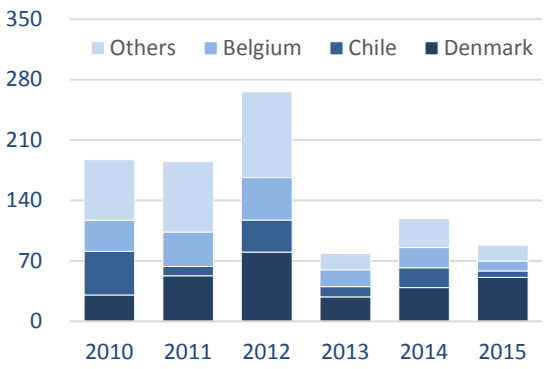
The same supply constraints exist in the fish oil markets. The increasing volume of fish oil demanded for direct human consumption further complicates the situation. China is now importing much larger supplies from Viet Nam and India than from Peru due to competitive prices. According to IFFO, for the first eight months of 2015, Viet Nam took a 41% share of the total amount of fish oil shipped to China. India, the second largest supplier of fish oil to China, took a 22% market share during this same period.

Top importers of fishmeal from Peru
Unit: 1 000 tonnes, Jan-Sep



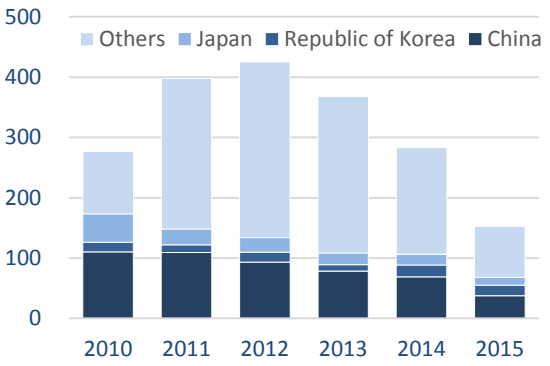
Source: Produce

Top importers of fish oil from Peru
Unit: 1 000 tonnes, Jan-Sep



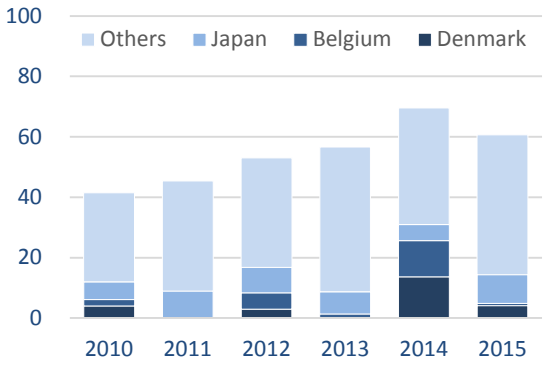
Source: Produce

Top importers of fishmeal from Chile
Unit: 1 000 tonnes, Jan-Sep



Source: Produce

Top importers of fish oil from Chile
Unit: 1 000 tonnes, Jan-Sep



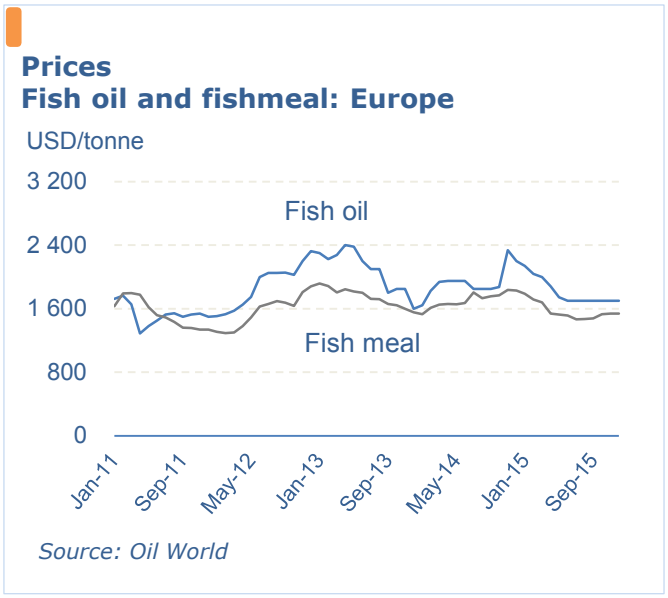
Source: Boletín de Exportaciones del IFOP

Prices

The first anchovy fishing quota in Peru for 2015 recorded landings of 2.58 million tonnes, which resulted in about 600 000 tonnes of fishmeal production. Prices of fishmeal continue to rationalize from their peak last year. With more and more evidence for a strong El Niño building over the Peruvian summer season (December to March), market anxiety about whether the second quota would be authorized caused prices to be pushed up again beginning in August. The Peruvian Government authorized the second fishing season to start on 17 November, and this helped ease pressure on fishmeal prices to some extent.

Fish oil prices have also witnessed the same upward trend as fishmeal prices since late 2014. However, from June 2015 fish oil prices have stabilized.

Soymeal prices remained low from the end of 2014/ beginning of 2015 in line with the general trends of fishmeal prices during this time, before fishmeal prices grew due to anxiety over a forthcoming strong El Niño. In November, the ratio between the prices of fishmeal and soymeal reached 4.7:1, which was attractive enough for feed producers looking for alternative raw materials.



Outlook

In general, the fishmeal and oil sector remains vulnerable due to its limited supply sources, with not much progress being made in this regard as demand continues to increase. Furthermore, according to IFFO, the global production of fishmeal is down by about 2.3 million tonnes compared with production in 2000. In both 2014 and 2015, the El Niño phenomenon significantly affected the actual catches, as well as the expectation of anchovy catches in Peru, which is by far the major fishmeal producer and has been for many years.

With these impacts, prices have fluctuated over the past two years, but in the long-term, prices will not revert back to lower levels. Diversification of sourcing can be part of the pressing supply situation although it will not be immediately rewarding, as new sources will take time to develop. So far, African fishmeal supplied to Europe, Southeast Asian fishmeal to China, and Irish fishmeal to Chilean salmon farmers have been some of the new and developing channels.

In the short term, the authorization of the second anchovy fishing season in Peru has eased some market anxiety. Also helping the situation is the fact that recent catches in Peru have not included a high proportion of juveniles. It is likely that markets will become more active at the beginning of 2016, when Chinese buyers will need more fishmeal in hog and poultry production for the Chinese New Year. However, it is not likely that the peak prices of last year will repeat under the current slightly better supply situation.

Despite efforts to explore other alternatives, such as trimmings from processing factories, vegetable oil and meal, insects, single-cell protein, recycled waste and algae, prices for fishmeal and fish oil will remain firm in the long-term. Whether prices will hike up to last year's peak in the coming months will largely be influenced by how alternatives can be sourced and how the super El Niño will impact the aquaculture sector. In the long term, prices of fishmeal and fish oil will generally depend on how cost efficient alternatives can be produced on a large-scale with sustainable and regular raw material supplies.

Positive growth trends for bivalves during the first nine months of 2015

In the first nine months of 2015, imports of bivalves generally grew, reflecting strong global demand. Mussels in Europe were the exception, where purchases declined in several major countries, including the Netherlands, Germany, and Spain.

World Imports/Exports of mussels

	Jan-Sep	
	2014	2015
	(1 000 tonnes)	
IMPORTS		
France	44.2	45.7
Italy	29.5	34.3
USA	27.1	25.9
Belgium	20.6	19.8
Spain	18.0	16.6
Netherlands	16.6	10.9
Germany	12.9	9.1
UK	5.1	3.9
Russia	7.1	3.8
EXPORTS		
Chile	56.8	59.3
Netherlands	37.7	39.1
Spain	28.8	34.8
New Zealand	25.6	21.2
Denmark	17.5	NA
Italy	13.1	9.4
Canada	11.7	9.7
Greece	11.1	10.5
China	6.4	5.6
Ireland	5.8	7.1
UK	3.4	3.6

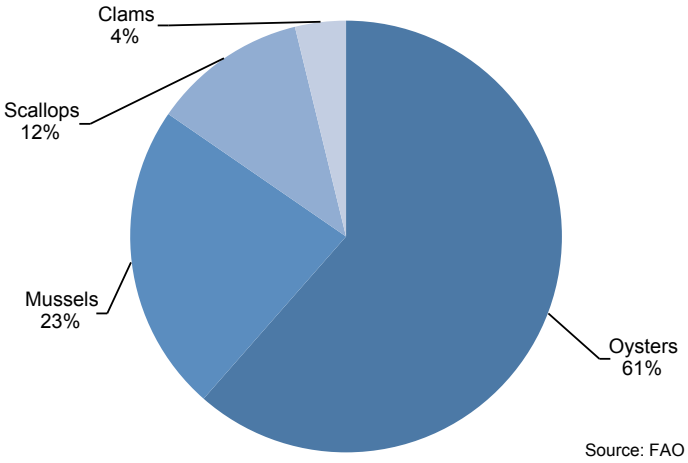
Source: GTIS

Mussels

Total global imports of mussels by the nine largest importers have declined by 11 100 tonnes (-6%) in the first nine months of 2015 compared with the same period the year before.

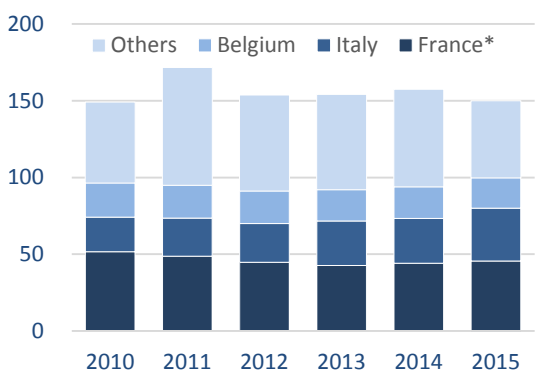
On the production side, Chile, the largest exporter of mussels, increased its sales abroad by 2 500 tonnes to reach a total of 59 300 tonnes exported in the first nine months of 2015. In the same period, exports from New Zealand dropped by a severe 17% to 21 200 tonnes. Despite such a significant drop, recent data concerning New Zealand's exports indicate an improvement in export performances during the last months of 2015.

Bivalves production by species (2013)



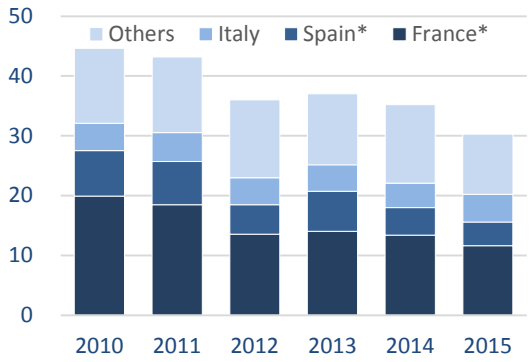
Source: FAO

Top exporters of mussels to the EU
Unit: 1 000 tonnes, Jan-Sep



Source: EUROSTAT and Customs*

Top exporters of scallops to the EU
Unit: 1 000 tonnes, Jan-Sep



Source: EUROSTAT and Customs*

Looking at the first nine month period over the past six years, total EU imports of mussels ranged from 149 000 to 172 000 tonnes. For the first nine months of 2015, imports recorded dropped by 7% compared with the average recorded in the nine-month period between 2010 to 2014 (157 300 tonnes). The Netherlands had the most significant drop in imports, purchasing 5 700 tonnes less than in January to September 2014, a decrease of 34%. Other notable declines came from Germany (-3 800 tonnes, -29%) and Russia (-3 300 tonnes, -46%). In the same period, imports to Italy, one of the EU's largest importing country for this species, increased by 16%, an additional 4 800 tonnes.

MARKET NEWS

Mussel business dynamics in Canada

According to *the Guardian* from Prince Edwards Island (PEI), Canada, the Confederation Cove Mussels in Borden-Carleton, a leading farmer and processor of PEI mussels, along with two other shellfish businesses, have recently been amalgamated with Atlantic Aqua Farms Partnership, a multi-species shellfish sales and distribution company based in Maine, USA. This integration will strengthen the commercial performances of the enlarged group.

In other news, the PEI Mussel King, a business for over 30 years, is positioning to take advantage of the Comprehensive Economic and Trade Agreement (CETA) between Canada and Europe by investing in new processing equipment to increase production efficiency and meet market demand. The central Canadian government as well as the Government of Prince Edward Island will support this CAD 940 000 million investment for CAD 470 000 each.

Source: *The Guardian Charlottetown*

Oysters

During the first nine months of 2015 compared with the same period in 2014, imports of oysters recorded by the world's seven largest importers (excluding Japan) increased by 8% (+1 900 tonnes). The USA alone recorded a remarkable increase in purchases by +1 000 tonnes, as a result of reduced domestic landings. In terms of exports, global oyster trade experienced growth. Exports from the Republic of Korea increased by a notable 43% as did exports from France, although more moderately by 25% during the first nine months of 2015 when compared to the same period of 2014.

World imports/exports of oysters

	Jan-Sep	
	2014	2015
	(1 000 tonnes)	
IMPORTS		
USA	7.8	8.8
Japan	5.8	NA
Hong Kong SAR	5.3	4.5
Italy	3.7	4.0
France	3.0	3.3
Canada	2.3	2.4
EXPORTS		
Republic of Korea	8.1	11.6
China	6.2	6.6
France	5.7	7.1
Ireland	3.3	3.9
USA	2.8	2.7
Canada	2.7	2.5
Mexico	1.2	1.6

Source: GTIS

RECENT RESEARCH

Irish oyster industry

The Irish Shellfish Association (ISA) commissioned a study on the Irish oyster industry. The main conclusions stressed that in 2014, the industry generated 564 full-time equivalent jobs, demonstrating 20% growth compared with the number of jobs the sector employed in 2010. The vast majority (88%) of the production is exported to France, while growing Asian markets provide the main growth opportunity. The industry contributed EUR 58 million to Ireland's economy with an estimated 9 500 tonnes produced in 2014.

RECENT NEWS

PDO status of UK oysters

Though the EU agreed in 2013 that Fal oysters from Cornwall (UK) were worthy of Protected Designation of Origin (PDO) status, local difficulties including management changes to the fishery have slowed the process and it has taken until December 2015 for the claim to be verified. The PDO status covers wild oysters caught, processed and prepared in a given geographical area using specific requirements. Fal oysters are the second oysters to be granted a European label, after the oysters from Whitstable.

Source: *Renwick, Alan. The economic importance of the Irish Oyster Industry, 2015*

Scallops

Total imports of scallops by the top 10 importing countries in the first 9 months of 2015 increased by a notable 19% (+18 400 tonnes) compared with the same period in 2014. Imports from China alone increased by a dramatic 91% (+24 700 tonnes) to reach a total of 51 900 tonnes, with demand fueled by the rapidly growing middle class. In the same period, sales from the USA, the world's largest exporter, declined by 5 200 tonnes, as a result of declined landings.

World imports/exports of scallops

	Jan-Sep	
	2014	2015
	(1 000 tonnes)	
IMPORTS		
China	27.2	51.9
USA	22.1	16.9
France	13.6	11.8
Hong Kong SAR	7.6	8.3
Republic of Korea	6.7	7.6
Italy	4.1	4.6
Spain	4.7	4.1
EXPORTS		
China	28.1	24.9
USA	9.0	7.8
Canada	7.0	6.7
Peru	8.9	5.0
Argentina	3.6	3.6
Netherlands	3.3	3.1
Belgium	2.4	1.9
France	1.9	1.7
Netherlands	2.3	1.6

Source: GTIS

Comparing import volumes during the January-September period over the past six years, scallop imports were at their lowest level during January-September 2015. While the import average for the January-September period over the past six years amounted to 37 600 tonnes, imports during January-September 2015 were only 30 300 tonnes, 7 300 tonnes less than the average. The decline in imports from France (-4 300 tonnes), the EU's largest market for scallops, was responsible for 58% of the total EU decline.

RECENT RESEARCH

The French scallop market

A recent report (November 2015) on the situation of the French retail market for scallops reveals that the French are among the world's top consumers of scallops, with over 2 kg in live weight equivalent consumed per year per capita, which includes consumption at home and in restaurants.

However, demand has recently been declining. In 2014, the total retail market for scallop-based products in France was estimated at EUR 240-250 million, compared with the top year in 2009, which peaked at EUR 280-300 million. In volume terms, one also sees a negative trend, with the retail market absorbing some 70 000-75 000 tonnes in 2014, compared with 95 000-100 000 tonnes in 2009. The weakness of demand observed in the past few years can be attributed to the shrinking purchasing power of the French combined with a weak euro currency. There has also recently been entry of new species to the French market, including Amusium pleuronectes from Viet Nam and Indonesia, *Argopecten gibbus* declared to be shipped from the USA, *Chlamys albidus* from Russia, and *Annachlamys macassarensis* from Viet Nam. The arrival of the new species demonstrates the continuing demand of the French for scallops.

Source: *Marketing-seafood.com*

In Peru, the El Niño is expected to be strong and thus have negative impacts on some fisheries (anchovies), while potentially bringing opportunities to others, including scallops. Indeed, according to the Andina News Agency in Peru, the biomass of scallops is expected to increase by a notable 50%.

Clams, cockle, ark shells

Japanese imports of bivalves (other than mussels, scallops and oysters) have climbed by 22% or 9 600 tonnes in the first nine months of 2015 compared with the same period in 2014, to total 57 300 tonnes, making Japan the leading world importer by far.

World imports/exports of clams, cockles, ark shells

	Jan-Sep	
	2014	2015
	(1 000 tonnes)	
IMPORTS		
Japan	44.1	53.7
Republic of Korea	49.1	47.4
Spain	21.4	21.8
USA	18.2	18.5
Portugal	9.2	7.9
Italy	6.5	7.3
China	6.0	3.7
Singapore	3.8	3.5
Thailand	5.8	2.9
Canada	2.7	2.7
Malaysia	0.4	2.1
Hong Kong SAR	2.5	2.0
Netherlands	1.4	1.7
EXPORTS		
China	105.6	110.1
Republic of Korea	8.9	9.8
USA	7.0	7.7
Italy	6.7	5.7
Canada	6.5	6.3
Portugal	6.2	6.7
Thailand	6.0	1.3
Netherlands	5.4	5.8
UK	3.4	NA
Chile	2.2	2.5
France	2.1	2.0
Spain	1.5	1.6
Turkey	1.4	1.5
Thailand	4.3	0.8

Source: GTIS

In the same period, China once again confirmed its domination of the market with over 101 000 tonnes exported. Out of the 13 largest exporters, China alone was responsible for 68% of the market share.

The harvesting rules for Atlantic clam surf could change as the Minster of Fisheries may break the current monopoly. The rights for fishing Atlantic clam surf in 2015 were established at 38 756 tonnes (plus bycatch), exclusively to Clearwater Seafood. With the expected increase in the quota to 52 655 tonnes (plus bycatch), the fishery may be opened to other fishing companies. Already, the Cooke Clam Group has made a submission.

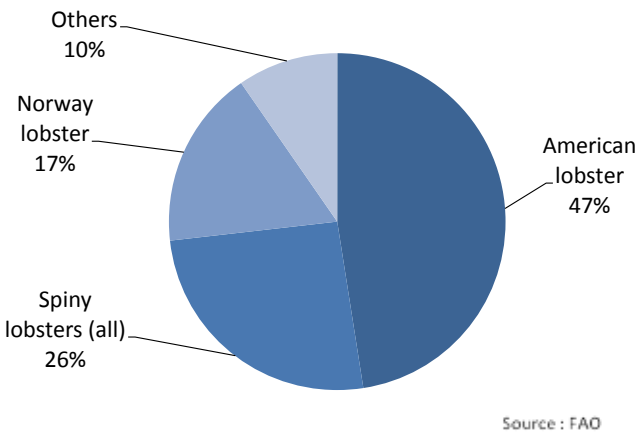
Outlook

Globally, international trade of bivalves is expected to continue to be active in 2016, where regions and countries with sufficient volumes export to countries in deficit. In trade news, the Comprehensive Economic and Trade Agreement (CETA) that Canada will sign with the EU is seen by Canadian producers and exporters of mussels, scallops and other bivalves as a significant opportunity to expand business. It should be enforced beginning from January 2017.

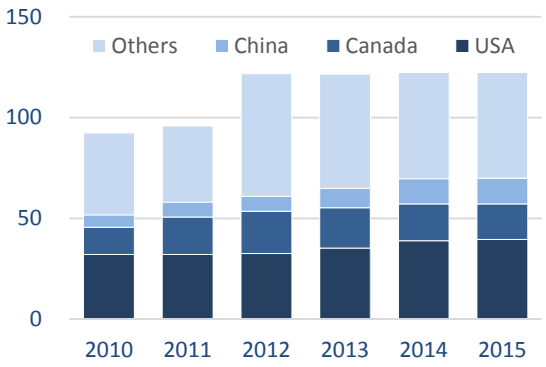
Strong lobster season in 2015

Lobster supplies are up, but prices are barely affected as demand from new markets is growing rapidly. In contrast, European imports are down.

Lobster production by species (2013)

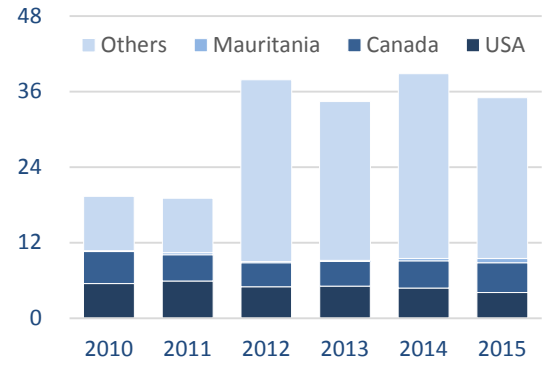


Top global exporters of lobster
Unit: 1 000 tonnes, Jan-Sep



Source: GTIS

Top exporters of lobster to the EU
Unit: 1 000 tonnes, Jan-Sep



Source: GTIS

Supplies

Total US and Canadian landings of the American lobster (*Homarus americanus*) have increased steadily over the past 5 to 6 years. In 2007, a total of 86 000 tonnes were landed by the two countries. While in 2015, it is estimated that this had increased to 146 000 tonnes. As a result, supplies are abundant, yet the increase in supplies seems to have had only a marginal effect on prices, as demand in new markets like China is growing rapidly.

The unusually warm weather in New England this past fall extended the lobster season into December 2015. According to the Associated Press, the extended season has not had an effect on prices, which were around USD 8-10 per pound in Maine in December 2015. Researchers have found that the lobster population in New England is increasing, and attribute this to climate change and warmer waters.

International trade

In the USA, lobster exports to the EU were down by as much as 25% in 2015. While exports to the EU were only marginally lower during the first nine months of 2015 compared with the same period in 2014, demand during the Christmas season was particularly low in Europe, mainly due to the strong US dollar and the impact of the terrorist scare on the restaurant sector. However, US exporters are not very concerned, as lobster exports to China are picking up. There has been a growing trend in Chinese lobster imports over the past five years, and US exporters now expect China to take over as a major market for US lobster. China is mainly importing live lobster, which is in the highest price bracket. Despite the growing importance of China, Canada remains the most important market for the USA.

In Nicaragua, a significant increase in lobster production during the first nine months of 2015 has led to strong growth in the country's lobster exports. Indeed, landings increased by 61.8%, to almost 4 100 tonnes, with exports

US imports of lobster (by origin, all product forms)

	Jan-Sep					
	2010	2011	2012	2013	2014	2015
	(1 000 tonnes)					
Canada	24.3	24.9	26.6	28.5	32.9	33.9
Nicaragua	1.0	1.2	1.0	1.1	1.0	1.2
Honduras	1.0	1.1	1.0	1.0	0.8	1.1
Others	5.7	4.9	3.9	4.6	4.1	3.3
Total	**32.0**	**32.1**	**32.5**	**35.2**	**38.8**	**39.5**

Source: U.S. Department of Commerce, Bureau of Census

up by 31.4%, from USD 49.6 million during the first nine months of 2014 to USD 65.2 million during the same period in 2015. At the same time, there has been a diversification of the products sold. Nicaragua used to export only lobster tails, but is now also selling whole lobsters (Source: *FIS.com*).

Prices

In spite of increased supplies of lobster from the USA, prices have risen only moderately. This price trend could be attributed to growing demand in China as well as the domestic popularity of lobster rolls, which have been heavily promoted by the fast-food chain McDonalds.

Outlook

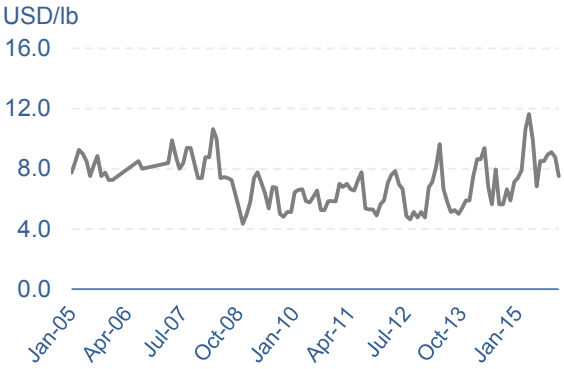
For 2016, it could be expected that strong landings of American lobster will continue and thus improve the supply situation further. However, as lobster is growing in popularity in Asian markets, these markets will absorb the extra supplies, and prices are expected to remain at present levels.

RECENT NEWS

FAO project on scuba-free lobster from Honduras and Nicaragua

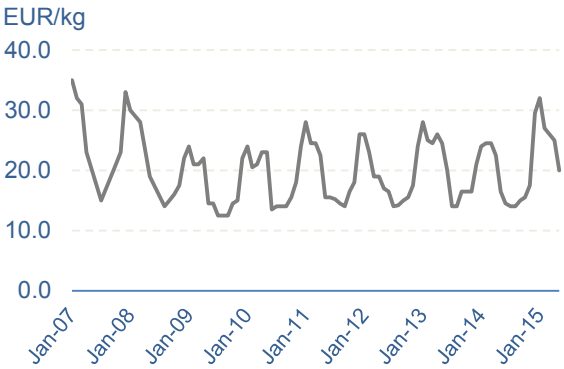
FAO has recently initiated a project to promote scuba-free, responsibly traded lobster from Honduras and Nicaragua in the US market. Two years ago, scuba diving and lobster were in the US press, and as a reaction against the practice and its poor social/environmental impacts, US importers and its processing industry began working cooperatively to promote scuba-free lobster trade from Honduras. However, the scuba-free lobster issue is now out of the mainstream press and consumer interest in the issue is relatively low. The FAO initiative is planning to revive market interest and create responsible management schemes of the resource in the Miskito Cays by the indigenous people. The philosophy underlying the project is to promote responsible lobster sourcing through market pressure.

Prices
American lobster: USA



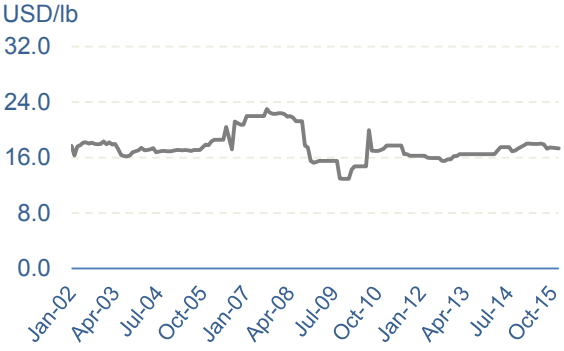
New York wholesale prices for up to 1-1/2 lb live
Source: European Price Report

Prices
European lobster: Europe



Live, origin: Ireland; 400-600 and 600-800 gr/pc
Source: European Price Report

Prices
Lobster tails: USA

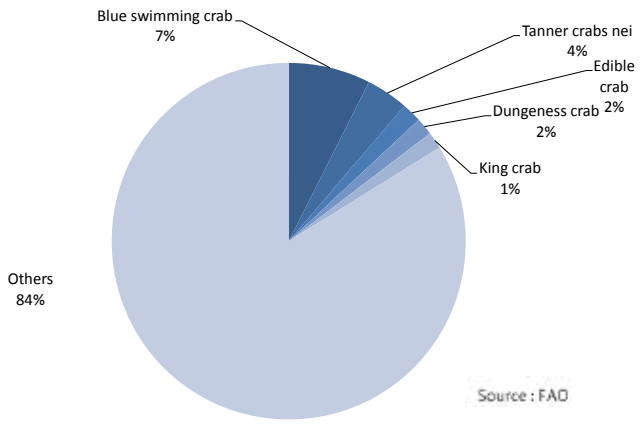


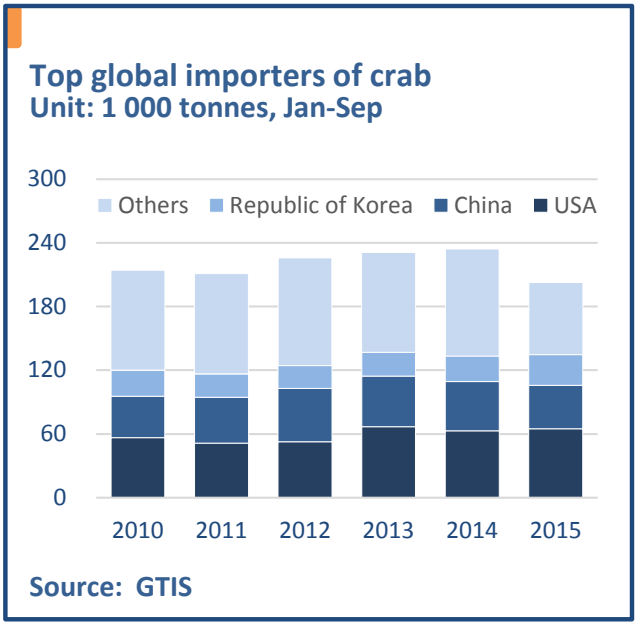
Ex-warehouse prices of frozen lobster tails (8-10 oz/pc), origin: Brazil
Source: European Price Report

Tighter supplies and rising prices expected

Russia and the USA are preparing to cooperate in order to fight IUU crab fishing. This may lead to tighter supplies as illegal crab could be removed from the market.

Crab production by species (2013)





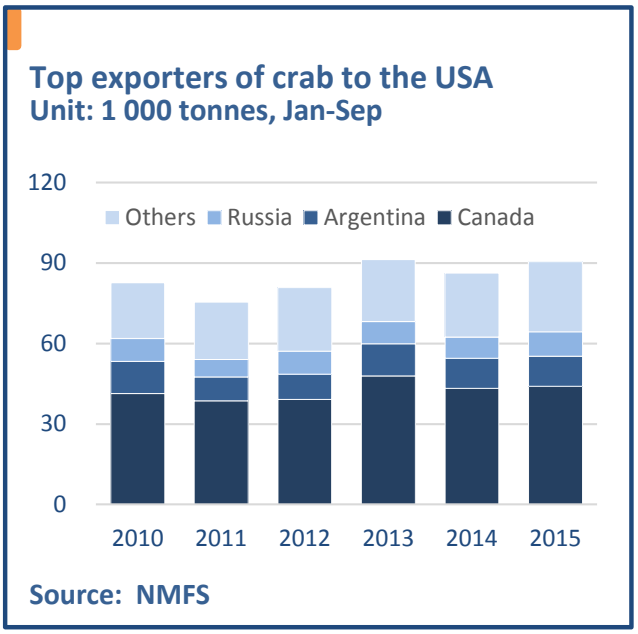
Supplies

In Russia, the fishing agency, Rosrybolovstvo, has announced that they will auction crab quotas in the middle of January 2016. This will be the first crab quota auction since 2012.

The California Department of Fish and Wildlife decided in November 2015 to delay the commercial dungeness crab season. At the same time, they have also decided to close the commercial rock crab fishery, normally open all year, due to the presence of domoic acid, which can cause death. The fishery will remain closed until the authorities can ascertain that there is no further risk to public health.

In Alaska, the Alaska Fish and Game Department decided to cut the snow crab quota by 40%, to roughly 18 145 tonnes, due to worries about the shrinking biomass of this species.

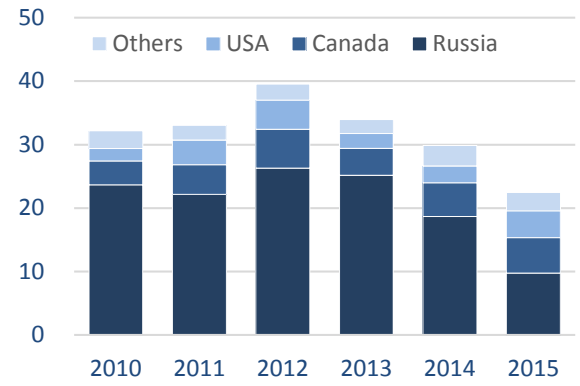
The king crab quota for northern Norway has been increased by 60% for 2016 and 2017, to 2 000 tonnes. It is expected that Russia will also increase its quota considerably, which will likely have an effect on prices.



International trade

World trade in crabs has declined in 2015, after having been on the rise since 2011. In the first three quarters of 2015, world crab imports declined by 15.5% when compared with the same period of 2014 to 200 000 tonnes. Japan, Hong Kong SAR and China registered the sharpest declines in crab imports, while imports into the Republic of Korea and the USA grew slightly.

Top exporters of crab to Japan
Unit: 1 000 tonnes, Jan-Sep



Source: Japan Ministry of Finance

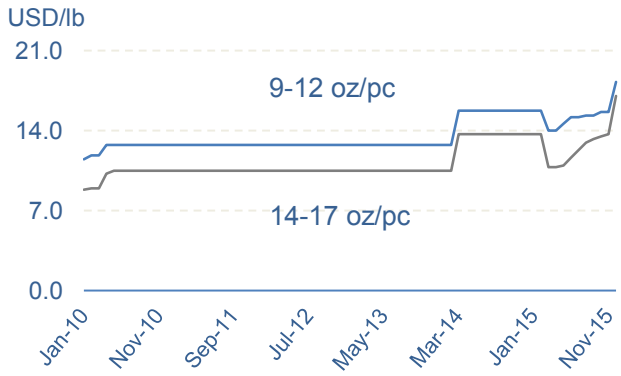
In fact, US crab imports grew by 5%, with all major suppliers registering increases. Canada is still by far the largest supplier, accounting for almost half (48.6%) of US crab imports. Other main suppliers include Argentina, Russia and China.

In Japan, crab imports during the first three quarters declined by as much as 25% compared with the same period in 2014. The major supplier, Russia, accounted for the bulk of the decline, as shipments dropped from 18 700 tonnes during the first nine months of 2014 to just 9 800 tonnes during the same period in 2015.

Prices

Japanese prices for snow crab from eastern Canada expressed in US dollars went down by 4-5% during the first half of 2015, according to information from Minato-Tsukiji. Greater quotas in Alaska and Newfoundland caused this price reduction. However, due to the depreciation of the yen, local prices in yen increased by 15-18% compared with the previous season. Prices were thus at record levels. This is partly due to lower supplies from Russia and strong demand for snow crab in Japan. Demand in the USA has been strong as well and is thought to be linked to greater supplies and lower prices.

Prices
Crab: USA, Japan



King crab, claw and sections, red, EXW New York.
Source: INFOFISH Trade News

Outlook

Some crab quotas have been cut, and coupled with the efforts to curb illegal crab fishing, this may lead to a tighter supply situation and consequently higher prices.

Trans-Pacific Partnership (TPP) – The Birth of a New Paradigm towards a Brighter Future for Fisheries?

For many years, attempts to create more robust multilateral trade regulations for fish and fishery products have been problematic partially due to the fact that fish were not considered as a group with specificities[1]. Instead, fish were always associated with unrelated goods, such as industrial products (i.e. "non-agricultural products"). Such an association had a tremendous impact on the creation of specific fish trade regulations at negotiation rounds, which are the main operational pillars of the multilateral trading system.

At WTO, fish have been submitted to the group of industrial products. In contrast, agricultural products "not including fish" have a whole set of specific rules addressing their unique particularities. Despite this general grouping for fish, during the current round of trade negotiations, the ongoing "Doha Round" which began in 2001, WTO members agreed expressly to address fisheries subsidies. This objective is a milestone – for the very first time, a particularity of the fisheries sector (subsidies and its connection with overfishing and overcapacity) is an issue per se in the multilateral trading system.

However, addressing fisheries subsidies is no longer unique to the multilateral trade system. The recently concluded Trans-Pacific Partnership (TPP), a regional agreement, can be considered a good example of how nuances of the fish sector can be tackled by trade regulation. TPP is a free trade agreement among twelve countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the USA and Viet Nam. Although TPP still needs to be ratified by participating countries at a national level, many of its chapters have particular interest to fish trade (especially "rules of origin and origin procedures", "technical barriers to trade", and "sanitary and phytosanitary measures"). In an innovative way, there is an entire chapter titled "Environment" that addresses environmental issues, including rules related to marine capture fisheries.

Within this chapter, several topics discussed at the multilateral level with no consensus for many years are now finally agreed on a regional basis. Notably, TPP achieved the goal of bringing fisheries management elements and international fishing principles[2] into a binding trade agreement, which is not an insignificant feat. Those fishery management elements include overcapacity, overfishing, maximum sustainable yield (MSY) as a reference for the definition of overfished stock, best scientific evidence available, and others.

Participating TPP countries agreed that fisheries subsidies indeed contribute to overfishing and overcapacity, and non-adequate fisheries management systems can cause significant adverse impacts on trade and the environment. In that sense, governmental programs, which lead to adverse effects on overfished stocks and/or benefit vessels engaged in IUU fishing, were considered prohibited. In addition, it was agreed that any other subsidies specific to the fishing sector contributing to overfishing or overcapacity should not be introduced. Furthermore, a very comprehensive and detailed notification mechanism was set for the existing fisheries subsidies, which includes information on status of the fish stocks, fleet capacity, conservation and management measures, and import and export data per species, among others.

In the last decade, with the proliferation of regional agreements, the future of the multilateral trading system was considered to be in danger. TPP can prove that regional initiatives can help the multilateral system to move forward, as it was able to obtain consensus from a group of countries to address a long continuing multilateral deadlock position in fisheries.

At a regional level, TPP has demonstrated that rules to curb subsidies that cause overfishing and overcapacity could effectively be part of a trade agreement. Therefore, comparable rules can indeed be negotiated, agreed on, and set during a multilateral round of negotiations. The existence of multilateral trade regulations to deal with fisheries subsidies would generate an increase in sustainable fish trade, benefiting countries, the society and the environment, in line with the three dimensions of sustainable development. Nevertheless, having fisheries subsidies rules set at the multilateral level in the future still does not mean that fish trade is being regulated in a comprehensive way. Fisheries is a multifaceted sector, with many particular nuances, and it deserves a specific WTO agreement, just like agriculture. Ultimately, more comprehensive, transparent and predictable multilateral rules in international trade of fish and fishery products can only have the benefit of generating positive impacts for all stakeholders.

[1] A single exception occurred during the early GATT years, when fish were treated as a "primary product", together with agriculture, forestry and minerals. GATT is the General Agreement on Tariffs and Trade, which contains a set of multilateral trade rules that participating countries agreed to abide, as well as bound commitments of maximum levels of import tariffs. It was created in 1948 and it has been continuously expanded in scope since then. The WTO is the institutional successor of the GATT and negotiations conducted in WTO are considered to be multilateral by nature.

[2] Most of the international principles present at the TPP are in line with the FAO Code of Conduct for Responsible Fisheries, which is explicitly referenced. In addition, the implementation of port state measures is set as an obligation for the countries to combat IUU fishing and to deter related products of being traded, in accordance with FAO Agreement on Port State Measures to Prevent, Deter and Eliminate IUU Fishing.

The views expressed herein do not necessarily reflect the views or policies of FAO

FISH AND FISHERY PRODUCTS STATISTICS[1]

	Capture fisheries production		Aquaculture fisheries production		Exports			Imports		
	2012	2013	2012	2013	2013	2014 estim.	2015 estim.	2013	2014 estim.	2015 estim.
	Million tonnes (live weight equivalent)				USD billion					
ASIA	**50.2**	**50.9**	**59.0**	**62.5**	**54.0**	**56.8**	**51.7**	**44.2**	**45.2**	**42.0**
China[2]	17.2	17.4	41.5	43.9	22.2	23.6	21.7	12.9	13.5	13.3
of which China. Hong Kong SAR	0.2	0.2	0.0	0.0	1.1	1.0	0.7	3.8	3.6	3.5
& Taiwan Province of China	0.9	0.9	0.3	0.3	1.8	1.8	1.6	1.0	1.2	1.2
India	4.9	4.6	4.2	4.5	4.6	5.6	4.8	0.1	0.1	0.1
Indonesia	5.8	6.1	3.1	3.8	3.8	4.2	3.7	0.4	0.3	0.4
Japan	3.7	3.7	0.6	0.6	2.0	1.9	1.9	15.3	14.7	13.4
Republic of Korea	1.7	1.6	0.5	0.4	1.8	1.7	1.5	3.6	4.3	4.4
Philippines	2.3	2.3	0.8	0.8	1.2	1.0	0.8	0.2	0.3	0.4
Thailand	1.7	1.8	1.3	1.1	7.0	6.6	5.6	3.2	2.7	2.5
Viet Nam	2.7	2.8	3.1	3.2	6.9	8.0	8.0	0.9	1.3	1.3
AFRICA	**8.2**	**8.0**	**1.5**	**1.6**	**5.6**	**5.6**	**5.4**	**5.7**	**5.9**	**6.0**
Ghana	0.4	0.3	0.0	0.0	0.1	0.1	0.1	0.3	0.3	0.3
Morocco	1.2	1.3	0.0	0.0	1.8	1.9	1.9	0.2	0.2	0.2
Namibia	0.5	0.5	0.0	0.0	0.8	0.7	0.7	0.0	0.1	0.1
Nigeria	0.7	0.7	0.3	0.3	0.3	0.1	0.1	1.2	1.3	1.3
Senegal	0.5	0.5	0.0	0.0	0.3	0.4	0.4	0.0	0.0	0.0
South Africa	0.7	0.4	0.0	0.0	0.5	0.6	0.6	0.4	0.4	0.4
CENTRAL AMERICA	**2.2**	**2.2**	**0.3**	**0.4**	**2.5**	**2.7**	**2.5**	**1.6**	**2.0**	**1.8**
Mexico	1.6	1.6	0.1	0.2	1.1	1.2	1.1	0.8	0.9	0.8
Panama	0.2	0.2	0.0	0.0	0.2	0.2	0.2	0.1	0.1	0.1
SOUTH AMERICA	**10.1**	**10.3**	**2.1**	**2.1**	**13.7**	**15.5**	**12.8**	**3.7**	**3.8**	**3.5**
Argentina	0.7	0.9	0.0	0.0	1.5	1.6	1.5	0.2	0.2	0.2
Brazil	0.8	0.8	0.5	0.5	0.2	0.2	0.2	1.5	1.6	1.3
Chile	2.6	1.8	1.1	1.0	4.9	5.9	4.7	0.4	0.4	0.4
Ecuador	0.5	0.5	0.3	0.3	3.6	4.3	3.6	0.1	0.1	0.1
Peru	4.8	5.9	0.1	0.1	2.7	2.9	2.4	0.2	0.2	0.3
NORTH AMERICA	**6.2**	**6.4**	**0.6**	**0.6**	**10.7**	**11.0**	**10.9**	**20.8**	**23.3**	**21.4**
Canada	0.8	0.9	0.2	0.2	4.3	4.5	4.6	2.8	3.0	2.7
United States of America	5.1	5.2	0.4	0.4	6.0	6.1	5.9	18.0	20.3	18.7
EUROPE	**13.1**	**13.5**	**2.9**	**2.8**	**46.9**	**49.8**	**44.7**	**58.3**	**61.8**	**54.3**
European Union [2]	4.7	5.0	1.3	1.2	29.8	32.2	29.3	50.9	54.4	48.8
of which Extra-EU	"	"	"	"	5.7	5.9	5.2	26.8	28.2	25.6
Iceland	1.4	1.4	0.0	0.0	2.3	2.1	2.0	0.1	0.1	0.2
Norway	2.2	2.1	1.3	1.2	10.3	10.8	9.0	1.3	1.4	1.2
Russia	4.3	4.3	0.1	0.2	3.6	3.7	3.6	3.4	3.0	1.8
OCEANIA	**1.3**	**1.2**	**0.2**	**0.2**	**2.9**	**3.1**	**2.9**	**2.0**	**2.2**	**2.0**
Australia	0.2	0.2	0.1	0.1	1.0	1.1	1.1	1.6	1.7	1.4
New Zealand	0.4	0.4	0.1	0.1	1.2	1.2	1.1	0.2	0.2	0.2
WORLD [3]	**91.3**	**92.6**	**66.5**	**70.2**	**136.2**	**144.3**	**130.9**	**136.3**	**144.4**	**131.0**
World excluding Intra-EU	"	"	"	"	**112.1**	**118.0**	**106.8**	**112.2**	**118.2**	**107.8**
Developing countries	67.2	68.1	62.2	66.0	73.8	78.6	70.7	37.6	40.3	38.4
Developed countries	24.0	24.4	4.3	4.2	62.3	65.8	60.2	98.7	104.1	92.6
LIFDCs	14.8	14.5	7.4	7.9	7.6	8.6	7.9	3.8	3.5	3.5
LDCs	9.8	10.1	3.0	3.2	2.5	2.5	2.4	1.3	1.4	1.4
NFIDCs	18.5	19.9	4.3	4.7	10.0	10.3	9.1	4.7	4.9	5.2

[1] Production and trade data exclude whales. seals. other aquatic mammals and aquatic plants. Trade data include fish meal and fish oil.

[2] Including intra-trade. Cyprus is included in Asia as well as in the European Union. Starting with 2013 data. EU includes Croatia.

[3] For capture fisheries production, the aggregate includes also 32 358 tonnes in 2012 and 83 275 tonnes in 2013 of not identified countries, data not included in any other aggregates.

Totals may not match due to rounding.

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PRICE REFERENCE (INCOTERMS 2010)

CFR	Cost and Freight
CIF	Cost, Insurance and Freight
CIP	Carriage and Insurance Paid To
CPT	Carriage Paid To
DAT	Delivered at Terminal
DAP	Delivered at Place
DDP	Delivered Duty Paid
EXW	Ex Works
FCA	Free Carrier
FAS	Free Alongside Ship
FOB	Free on Board

PRODUCT FORM

C&P	Cooked and Peeled
FAS	Frozen at Sea
H&G	Headed and Gutted
HOG	Head on Gutted (salmon)
IQF	Individually Quick Frozen
IWP	Individually Wrapped Pack
PBI	Pinbone In
PBO	Pinbone Off
PD	Peeled and Deveined
PTO	Peeled Tail On
PUD	Peeled, Undeveined

GLOBEFISH
HIGHLIGHTS

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