



Summary of 56th IFFO Annual Conference

Day 3

Wednesday, 26th October 2016

China Update

Maggie Xu, China Director, IFFO, China

IFFO's China Director Maggie Xu gave a succinct overview of the Chinese economy and current trends in the fishmeal and fish oil markets. She first analysed the country's GDP growth rates and the 2016 growth target of 6.5%-7%. She showed the Public-Private Partnership (PPP model) is called to promote private investment, but how the days of cheap labour are over, with the work force decreasing by 10 million in the next 5 years. Xu noted that consumption was on the rise with a \$630bn on-line market, 80% bigger than the US on-line market. With this growth, exchange rates of USD-RMB are rising and RMB is expected to become an international currency.

Regarding fishmeal production and trade, China's fishmeal output has been low due to limited resources, and plants being closed. Imports continue to rise, higher than in 2015, with a rise in imports from countries such as Vietnam and Thailand. For fish oil trade, imports are lower than previous years. The demand for fishmeal remains high, with 60% going to aquafeed and 31% going to hog feed. The hog and sow inventory just started to recover but 600,000 pigs were lost in heavy rainfall and floods, and pork imports are therefore higher. Heavy rainfall and strong typhoons have also affected aquatic product output and Xu noted fishmeal demand for each species.

She ended her presentation by stating that aquaculture will continue to be promising, with shrimp being the highlight. She noted that integration and technology will bring dramatic changes to China's pig sector and that consolidation will make IFFO RS mission possible in China.

Omega-3 market update

Adam Ismail, Executive Director, GOED Omega-3, U.S.A

Ismail opened his presentation by asking three questions: How are consumers spending their money? Is the ingredient market growing? Where is the growth? He noted that consumers spend \$31 billion on products with added EPA and DHA. The US is the largest single market, but Asia as a region is larger and growing faster, so attention has shifted. The East and Southeast Asian omega-3 market is expected to develop very quickly very soon. This year, Asia accounts for two-thirds of global growth in omega-3s. He then analysed the crude oil market, noting that lower yield products have been growing in volume, which has increased demand for crude oil despite tight supplies, with Anchoveta still being the dominant source. He ended by noting the refiners and concentrators are facing a challenge with increased raw material prices, causing gross margins to decline.

Institutionalism for Sustainable Fisheries

Elena Conterno, Chair of the Board, Sociedad Nacional de Pesqueria, Peru

Elena Conterno's presentation addressed how institutions can help with the challenges to biomass sustainability and the sustainability of the industry. She looked at how the tradition institutional framework for fisheries management in Peru had changed with the arrival of new players, including media (both print and social media) and NGO's. She noted the misinformation about fishmeal production from whole fish and that wild fish FIFO is greater than aquaculture FIFO. Conterno stated that conflicting and unclear messages on sustainability and the industry confuses the public, and how NGOs often engage in unfounded activism.



Conterno then presented the many institutional initiatives and challenges facing the industry. She noted that consumers demand products that can prove their sustainability, aquaculture demands fishmeal whose sustainability can be proven, and the industry and scientists have the answers but do not communicate them properly. The main challenges are biomass sustainability, requiring science and data, and industry sustainability, requiring institutional frameworks. She stated that most major global fisheries are well managed and governments and companies must combat misinformation with science and data. Regarding industry sustainability, there are new private sector institutional frameworks under development and Conterno noted work by SNP, the recently launched Humboldt Institute and the Sustainable Fisheries Group. The intention was to provide an accessible resource of science and data demonstrating good fishery management for various stocks to disprove the many incorrect claims often levelled at the industry. Conterno then reiterated the importance of the science being better communicated by the whole industry, focusing on user-friendly informative materials, there is a lot of positive work and the industry just needs to show this.

The Peruvian Anchovy Fisheries after the 2014-2015 El Niño: Perspectives

Hector Soldi, Vice-Minister of Fisheries and Aquaculture, Peru (VIA VIDEO LINK)

Soldi started his presentation with a brief introduction to El Niño–Southern Oscillation, looking at weather patterns, the role of winds and then complex interaction among water masses of Peru during El Niño. He noted that the unusual pattern of the 2014-2015 El Niño in the Tropical Pacific and its manifestation in the Eastern Pacific and the coast of Peru was not as strong as expected in the atmosphere. However, the ocean component had a strong impact in the marine environment and its resources. He looked at the climate impact on anchovy fisheries and the changes in biomass over this year. He then analysed current weather conditions and forecasts, noting that during the next two months and for next summer, neutral conditions are expected. Soldi described how the fisheries is monitored and managed, looking at the biomass anchovy biomass assessment cruise (Sep-Oct 2016). He closed by looking at the overall impact on fisheries stock, noting that the current stock shows strong spawning activity and that ocean variables are slowly moving to normal conditions.

Concluding remarks

Andrew Mallison, Director General, IFFO, U.K.

IFFO Director General, Andrew Mallison, closed the conference by saying that the mix of networking, panel discussions, market forum and technical workshops had provided a fruitful three days. He thanked the IFFO team for their tireless work over the last few months and the delegates for coming and creating such a productive and positive atmosphere. He invited delegates to give their feedback in our conference survey, so IFFO can continue to tailor future events to their needs.