Wild and farmed fish in the USA seafood market

John Connelly
US Market Trends and Impact on Fishmeal

October 2017

John Connelly
Topics Outline

- National Fisheries Institute introduction
- Trends in US seafood consumption
- Wild and farmed species changes
- Trade challenges in new political environment
National Fisheries Institute

Who We Are

- Represent industry water to table
- Voice for industry on legislative, regulatory and media matters
- Not statutory body, and no designation from government as to role representing industry
- Funded solely by private investment
- Served on Board of MSC, ALLFISH (World Bank partnership), ICFA, and ISSF and as advisor to Secretary of Commerce for fisheries issues.
# NFI Key Issues

## Where We Spend our Resources

*(by discipline)*

<table>
<thead>
<tr>
<th></th>
<th>Legislative</th>
<th>Regulatory</th>
<th>Courts</th>
<th>Communications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health benefits</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Aquaculture</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Trade</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Economic integrity</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
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</tbody>
</table>
NFI Priorities
Where We Work – Issue Life Cycle

Resources

Legislative

Regulatory

Communications
- Media
- Marketplace
- Consumer Outreach

Litigation

Fix Problems in Source Countries

Time
Seafood as Part of Protein Mix
US Markets
Total Seafood Consumption: What Business Are You in?

Food → Protein → Seafood → Wild → Farmed → Fish meal
Fish oil
US Markets
Total Seafood Consumption: Comparison to other proteins (share of spend)

Source: DOL Consumer Expenditure Survey
US Markets

Total Seafood Consumption: Comparison to other proteins (per capita)

Source: USDA WASDE Report, NOAA, chicken, pork and beef adjusted to edible weight
US Markets
Total Seafood Consumption: Among 3 Largest Overall Markets (volume)

Source: NOAA
US Markets
Total Seafood Consumption: Among 3 Largest Overall Markets (value)

Source: NOAA
US Markets

Total Seafood Consumption: Significant shifts due to wild salmon

Source: NOAA, NFI GSMC
Wild and Farmed Species Markets
US Markets
Wild Capture Markets - Cod

WHOLE FISH WEIGHT

Source: Groundfish Forum
US Markets
Wild Capture Markets - Haddock

Source: FAO
US Markets
Wild Capture Markets – Alaska Pollock

Source: FAO
US Markets
Farmed Fish Markets – Global Tilapia Harvest

WHOLE FISH WEIGHT

Source: Groundfish Forum
US Markets

Farmed Fish Markets – China Tilapia Harvest

WHOLE FISH WEIGHT

<table>
<thead>
<tr>
<th>Year</th>
<th>WHOLE FISH WEIGHT</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,000</td>
</tr>
<tr>
<td>2009</td>
<td>1,100</td>
</tr>
<tr>
<td>2010</td>
<td>1,200</td>
</tr>
<tr>
<td>2011</td>
<td>1,300</td>
</tr>
<tr>
<td>2012</td>
<td>1,400</td>
</tr>
<tr>
<td>2013</td>
<td>1,500</td>
</tr>
<tr>
<td>2014</td>
<td>1,600</td>
</tr>
<tr>
<td>2015 est</td>
<td>1,710</td>
</tr>
<tr>
<td>2016 est</td>
<td>1,724</td>
</tr>
<tr>
<td>2017 est</td>
<td>1,776</td>
</tr>
</tbody>
</table>

Source: Groundfish Forum
US Markets
Farmed Fish Markets – US Frozen and China Global Supply

WHOLE FISH WEIGHT
- US Frozen supply Supply**
- China Global Harvest*

Source: * GFF, **NMFS/NFI, Urner Barry

MT (1000)

- 2008: 38%
- 2009: 33%
- 2010: 35%
- 2011: 28%
- 2012: 34%
- 2013: 35%
- 2014: 30%
- 2015: 28%
- 2016 *Oct: 19%

Source: * GFF, **NMFS/NFI, Urner Barry
US Markets
Farmed Fish Markets – Pangasius Harvest

WHOLE FISH WEIGHT

- Indonesia
- Bangladesh
- India
- Other
- Vietnam

Source: GAA, FAO
US Markets
Farmed Fish Markets – Pangasius Vietnam Harvest and US Imports

WHOLE FISH WEIGHT

- US Imports
- Vietnam Farmed output

Source: NMFS/NFI,GFF,Urner Barry
US Markets

Farmed Fish Markets – Farmed shrimp increasingly driven by Asia

CHINA AND SE ASIA PASSED US AS LARGEST GLOBAL SHRIMP EXPORT DESTINATION IN 2015

Exports to (and within) Asia have doubled in five years
US Markets
Farmed Fish Markets – US Shift to India and Indonesia

YEAR TO DATE (OCT) US IMPORTS BY COUNTRY

- Thailand
- India
- Vietnam
- Indonesia
- China (mainland)
- Ecuador
- Mexico
- Malaysia

(000's) POUNDS

US Customs Data
US Markets
Farmed Fish Markets - Salmon

APPROXIMATE WORLD ATLANTIC SALMON SUPPLY AND END-MARKETS

Where the salmon is consumed
- Other markets
- EU
- USA

Where the salmon is produced

Source: Kontali
US Markets
Farmed Fish Markets – Chile and Canada dominate US

US ATLANTIC SALMON IMPORTS

Source: NOAA Foreign Trade in Fisheries Products data
US Markets
Farmed Fish Markets – US Remains Major Chilean Market

TOTAL CHILEAN SALMON EXPORTS, 2015 & 2016 (JAN-SEP)

40% of Chilean exports are to the USA

Source: Kontali Analyse
US Markets
Trade Issues

- President Trump campaigned on strong protection of domestic production
- Senior advisors have significant antidumping and Rules of Origin experience representing US domestic industries
- Seafood Import Monitoring Program
- Customs and Border Protection service analysis of trade, including labor treatment at Tier 4 suppliers
- Shift to USDA inspection of farmed catfish, to create trade barrier
US Markets
Impact on Fishmeal

- US remains among largest seafood markets in world, even with low per capita consumption

- Seafood competes increasingly with proteins other than beef, pork, poultry

- As wild harvest stocks strengthen globally, institutional buyers are increasingly looking at those options

- Two largest farmed species .... tilapia ("click bait social media") and pangasius (USDA oversight trade barrier) ..... face major headwinds in US market

- Two other farmed species (shrimp and salmon) are on more solid footing

- As farmed species are major import items, US government trade policies of concern
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