

FFA FISHERIES TRADE BRIEFING

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By Liam Campling¹

Special feature: The Greening of Canned Tuna in the EU and the Global Economic Downturn

The 'Greening' of Canned tuna?

Market dynamics for canned tuna in the EU are experiencing a shift. Rising fish prices due to resource scarcity and the huge price increases in fuel and other inputs (e.g. steel) has reduced profitability of 'traditional' canned tuna products. The major factor behind the general decline in profitability is that higher costs have not, yet, been passed on to EU consumers.² Firms in the US have been pushing 'value added' products for some years, most notably tuna in pouches, but EU firms are also promoting this and other product types (such as single portion containers that mix tuna with various flavours and other ingredients in pouches or easy open and peel-top cans).³ A major motivation behind this drive is to expand consumption through more diversified product ranges (including convenience) and to increase profitability because 'value added' products retail at a higher price and tend to contain less tuna (the most expensive raw material). These products are also marketed as more environmentally friendly as they use less (or no) steel, although the primary motivation behind firms introducing thinner cans or aluminium pouches is the relatively high cost of steel.⁴ Despite this, these 'value added' products are generally not perceived as environmentally friendly or 'green' by consumers in the EU.

According to the EU association of fish processors (AIPCE), European consumers have an incorrect negative understanding of the sustainability of fisheries which impacts their consumption patterns. At the Third Worldwide Conference on Fish and Seafood Canning in Vigo, Spain, AIPCE suggested that industry should engage in a 'communication' campaign so as to inform consumers of the realities of fisheries stocks, making clear which ones are in a good condition.⁵

Despite the concerns of AIPCE, some firms are tapping into EU consumers' perceptions of sustainability problems in global tuna fisheries through the production of 'sustainably' caught canned tuna products. The following provides case studies of different approaches to the 'greening' of canned tuna by marketers in the EU: third party eco-labels, self-appointed sustainability criteria, and the procurement of only pole and line-caught tuna.

BV Fishes of the Netherlands is the first company to market Marine Stewardship Council (MSC) certified canned tuna in the EU.⁶ It uses albacore supplied by the only MSC certified tuna fishery in the world, the American Albacore Fishing Association North Pacific. However, commentators have pointed out this product is extraordinarily expensive, at around Euro 30 (or USD 45) per kilo of fish at drained weight, compared to other top quality non-MSC canned products which sell at around Euro 20. The question posed by Atuna is:



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EU firms are deepening their marketing of new 'value added' tuna products, which offer greater profits



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'Would consumers pay 51% more for sustainable tuna?'⁷ No doubt in recognition of the market demand, the MSC itself is undertaking greater efforts at certifying tuna fisheries by appointing a new Pacific fisheries manager, who will take forward the issue, including those pole & line skipjack and longline albacore fisheries that have been identified in pre-assessments by the MSC as likely to be sustainable.⁸

The Italian firm Generale Conserve sells a premium range of pelagic products (including tuna) which are certified by main competitor of the MSC, Friend of the Sea.⁹ Generale Conserve sources tuna for its Friend of the Sea certified products from a company called Cofaco in the Azores (Portuguese islands situated in the Atlantic between Europe and the US), which use pole and line gear. To promote this development Generale Conserve was awarded the new Friend of the Sea sustainable seafood award at the Tuna 2008 conference in Bangkok.¹⁰

Glenryck, a UK canned fish brand, sells an 'eco-friendly' canned tuna product, exclusively using fish caught in the waters of the Maldives. The product is marketed as 'eco-friendly' because the fish is caught locally, solely by pole and line gear and 'strict measures are taken to ensure that the natural resources are maintained and the environment is protected'.¹¹ A smaller UK based company called 'Fish 4 Ever' produces a range of 'sustainably-fished' canned tuna products. According to their website their skipjack products are caught using locally owned vessels in the Maldives EEZ, their yellowfin is caught by purse seines setting on free schools in the coastal waters of the Azores, and their albacore by pole & line or trolling gears, again in the Azores.¹² This firm also emphasises 'land sustainability' through the use of organic inputs (such as organic packing oils) and supporting 'real fishermen and their communities'.¹³

As noted in last issue of this *Briefing*, Sainsbury's came out on top of a UK survey by Greenpeace of the most sustainable canned tuna products. One of the major factors working to its advantage was that all of its own-brand canned tuna is pole and line caught. As an important aside, this represents a return to the prior Sainsbury's procurement policy for canned tuna in the 1990s, when Pafco and (then) Solomon Taiyo were major suppliers. This policy collapsed by the late 1990s because of a price war on canned tuna (and many other products) with Tesco. This issue demonstrates that there is a future for pole and line tuna fisheries and may represent an opportunity for firms based in the Pacific Islands.

Implications of the world recession

The Atuna Stock Index tracks large tuna companies whose shares are publicly traded on stock markets around the world. The Index registered a decline of 5 percent in just seven days in September.¹⁴ This was the lowest average for 2 years. The decline was in large part due to Del Monte Foods Co share prices dropping by 15 percent since December 2007 (this firm represents 23 percent of the index weight), Nippon Suisan Kaisha shares dropping by 33 percent (the firm represents 15 percent of the index weight), and Pescanova SA

EU consumers have a negative understanding of the sustainability of seafood

The first MSC certified canned tuna product sold in the EU is extremely expensive

Two UK canned tuna brands are marketing 'eco-friendly' and 'sustainably-caught' canned tuna

There appears to be a growing market for pole and line caught tuna



shares declining by 25 percent (representing 9 percent of the index weight). Of course, many globally important tuna companies are privately owned and thus not publicly traded, such as MW Brands (see below), and are not represented in the Atuna Stock Index. The major reason behind this decline is the high cost of commodity prices (tuna, fuel, etc) and a slight decline in food consumption in principal markets.

The emergence of economic recession in EU and US has already seen evidence of consumers being motivated by price rather than quality. In the UK for example, consumers are paying 21 percent more in 2008 for basic foods than in 2007.¹⁵ This has contributed to record growth among the 'discount' supermarkets – such as Lidl and Aldi – in the four month period to mid-July 2008 compared to the same period in 2007. These discounters tend to stock a significantly reduced range of products and focus on keeping prices low. For example, Aldi reports that its low prices have allowed it to expand its market share from 2.9 percent to 10 percent.¹⁶ In Germany, discounters account for around 40 percent of total grocery sales.¹⁷ The larger and more dominant UK supermarkets such as Asda and Tesco are simultaneously engaged in a price war, not only with the discounters, but with each other. UK consumers are shifting to supermarket own brands as they are generally cheaper than branded products: Somerfield notes that '78 percent of shoppers buying more [own brand] than before' and Sainsbury's has also registered a huge increase.¹⁸ This trend has important implications for those tuna canneries supplying supermarket own brand product compared to those specialising more towards producing for more expensive brands and premium range products.¹⁹

In conclusion, the impact of the global economic downturn may not bode well for higher priced 'green' canned tuna products. While environmentally aware EU and US consumers may continue to drive demand for 'green' tuna products, the impact of economic decline means that these consumers may think twice before making ethical shopping choices and, moreover, the vast majority of consumers – who have less disposable income – are likely to place price over such considerations.

Free Trade Agreements

Update on Pacific negotiations for a comprehensive EPA

The Pacific ACP states met with the officials of the European Commission over a period of two weeks in September. The talks were productive and several minor details of the proposed comprehensive EPA were agreed upon. However, there are important disagreements on several key elements of the proposed Agreement.²⁰

From a fisheries perspective three important issues remain. First is the need to avoid the imposition of *additional* conditionalities to the global sourcing rules. The original conditionalities required PACP states to report on why the flexibility is required, which species/products are being applied for and an estimate of export volumes.

The economic downturn may negatively impact demand for 'green' canned tuna



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There is a profound developmental need to extend global sourcing rules of origin to fish fillets in the Pacific EPA

A report on the implementation of the global sourcing RoO is then to be submitted to the EC no later than end-2010 (Protocol 1, Article 7(6)(b)).

Second, there is a profound developmental need to extend global sourcing to other fish products, in particular fresh chilled and frozen fish 'fillets' and other products falling under HS codes 0304/05. (See the report below on the UK market for these types of products.) This is of huge importance to those PACP states that are unable to sustain tuna canning or loining plants, either due to economic constraints (e.g. small size, lack of potable water, etc) or resource constraints (e.g. the tuna purse seine fishery is not based in or near their EEZ). Finally, the specific terms of the Fisheries Chapter of the agreement are yet to be finalised.

Madagascar, Mauritius and Seychelles awarded temporary derogations from EU rules of origin for fish

Under the terms of the RoO protocol of the East and Southern Africa interim EPA, the ESA region was allocated the same volume of automatic derogation for canned tuna (8,000mt) and tuna loins (2,000mt) as that awarded to the entire ACP group under the Cotonou Agreement.²¹ However, this derogation still had to be applied for by ESA states before becoming active. This is because, as far the RoO are concerned, Council Regulation 1528/2007 is the bridge between the Cotonou rules and the RoO protocol foreseen in the Interim ESA EPA.²² The RoO Protocol in the Interim EPA will only come into force when the Agreement is signed.

Using the justification that 'catches and supply of originating raw tuna have decreased in the South West Indian Ocean' which 'makes it impossible for Mauritius [Madagascar and the Seychelles] to comply with the rules of origin', these three ESA states made requests for temporary derogations from EU RoO.²³ However, the derogations eventually awarded by the EU were significantly smaller and over a shorter period than two of the requests. Mauritius applied for derogation of 5,000mt of canned tuna and 2,000mt of tuna loins over a five year period, but was provided with only 3,000mt and 600mt respectively over the 12 months of 2008 (to be retroactively applied). The Seychelles requested 4,000mt of canned tuna over a one year period and the EU offered only 3,000mt for 2008.

The EU rationales for these decisions were that the total derogation provided under Council Regulation 1528/2007 needed to be within the quantities awarded by the Interim EPA and shared evenly. The time limitation was aimed at avoiding an inconsistent situation wherein the derogation granted under Regulation 1528/2007 would be applicable when its legal basis (Annex II of the Regulation) would already have been superseded by the Interim EPA (and its protocol on RoO), wherein the provisions on automatic derogation would be in place. No doubt a reflection of the process that Mauritius and the Seychelles went through, Madagascar successfully requested derogation for 2,000mt of canned tuna and 500mt of loins over the 12 months of 2008. Once the Interim ESA EPA enters into force, its RoO will apply and replace those of Annex II of the Regulation



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1528/2007. From then on it will be up to the ESA countries to decide on the national allocation of the automatic derogation quotas and to communicate their decision to the EC.

Tuna Markets

Detailed Report: UK markets for fresh chilled and frozen tuna and other species

As with the US and Japanese markets, the most important differentiation in the UK market for non-canned tuna products is between fresh chilled and frozen products.²⁴ According to data cited by Sainsbury's, consumer spending in the UK on *fresh* tuna increased by 15 times from €0.79 million in 1993 to €12.44 million in 2001, this then expanded to over €54 million in 2007 (see Table 1).²⁵ By 2004 fresh tuna was being flown into the UK almost daily from Sri Lanka, the Maldives and Latin America,²⁶ a situation that remained in 2008, with most UK buyers interviewed continuing to source supply from Sri Lanka and, to a lesser extent, the Maldives.²⁷

One of the major competitive advantages of exports of fresh chilled and frozen tuna products to the UK from the Maldives and Sri Lanka is **preferential tariffs**. Both of these countries benefit from duty free treatment – under the Everything But Arms initiative and GSP+ respectively, subject to meeting rules of origin. PICs entering into an interim EPA or falling under the EBA receive the same duty free treatment, but also have to meet the appropriate rules of origin. Many competing sites of production exporting these products to the EU are met with an 18 percent tariff (for MFN treatment) or 14.5 percent under the standard GSP.

The UK market for **fresh tuna products** is supplied either to retailers as chilled pre-pack and fresh loins for their fish counters or to wholesalers in loin or whole (headed and gutted) form. The wholesale market is aimed primarily at the restaurant trade (especially for tuna, mahi mahi, etc). One buyer estimated that 80 percent of all UK sales of fresh fish are through the major supermarkets, and sold under the supermarket's own or third party brands. By far the most important tuna species here is yellowfin. The main imported product is chilled, vacuum packed, skinless and boneless yellowfin tuna loins, which are currently sourced primarily from the Indian Ocean. They are then processed and pre-packed in the UK according to retailer specification. UK buyers do not import pre-cut fresh tuna steaks because of the loss of colour and freshness. Fresh tuna loins are also displayed on a supermarket fish counter and cut in front of customers.

UK buyers emphasise that **quality** is their primary demand, noting that it is a more important determinant in procurement decisions than price (albeit of course, within certain parameters). These buyers' expectations of supplier processing plant are very high. They consider the meeting of EU regulations as a *basic* requirement. For one buyer, 'exporters must be prepared to exceed EU demands'; nonetheless, they went on to point out that they 'look for businesses with EU approval and work with them to improve to meet our requirements'.

The UK market for fresh tuna products was worth over €54 million in 2007

Duty free market access under the EU GSP regime for the Maldives and Sri Lanka is a major determinant in their export of fresh tuna products to the UK



On top of EU SPS and food safety standards, suppliers also have to meet a range of *private* standards, in particular those set by the British Retail Consortium (BRC). One buyer noted that if a supplier did not meet BRC standards 'we wouldn't even begin to talk'.

The UK is similar to the US market in that quality differentials for fresh tuna are colour, taste, flavour and texture, but unlike Japan, a high fat content is not sought after.²⁸ UK supermarkets require six days shelf-life for fresh tuna products, including in relation to: a) bacteria levels; b) a stable visual appearance (a 'bright red colour which lasts throughout the shelf life'), even though species and size leads to colour variation (e.g. in steak form the edge might be one colour and the centre another) duller colours may be excluded despite being a perfectly good product; c) high oil content can lead to a 'rainbow' effect on the surface of the flesh, which is perceived to be unattractive to UK consumers.

Sustainability is a growing concern on the UK market and as such many buyers (especially for restaurants and the upper-range supermarkets) will only buy product that is caught by longline, pole & line or hand-line.²⁹ Two major buyers noted that they check foreign flag activity in the fishery they are procuring from, and assess the degree of transshipment (as more transshipment equates to higher risk regarding sustainability criteria), as well as the relative risk of IUU caught fish entering the supply chain. Air miles are another popular concern among UK consumers and may increasingly affect demand for air-freighted product, even though it is a flawed concept.³⁰

Sushi has become a mainstream product in the UK. The total sushi market was worth £38.9 million in the 52 weeks up to mid-July 2008, which represented a 21 percent growth from the previous year.³¹ There was only one sushi restaurant in the UK in 1974, but by 2008 there were an estimated 350.³² However, while there is a *general* growth for seafood in the UK food service sector, one buyer noted that *tuna* has evened out in this sector having grown rapidly over the past 15 years. This is because more products have come onto the market, which has watered down demand.

Table 1 provides very reliable data on *actual* retail value and volume of a range of fish products on the UK market over the past three years. Several trends are apparent here:

Fresh yellowfin tuna (sold primarily as steaks) is by far the most important product type that can be exported by PIC firms. However, it is also clear that the market has not grown substantially in this period; in fact it declined in the year ending mid-July 2008 compared to the year ending mid-July 2007. This can probably be best explained by the fact that the current level of supply to the UK market is insufficient to meet demand. The problem for UK wholesalers here is that the height of consumer demand (May to Sept/early October) coincides with the low tuna fishing season in the Indian Ocean (by far the most important source of supply).³³ As a result of the seasonality of the Indian Ocean tuna fishery and associated problems with the continuity of supply, one buyer stressed that: 'If we find someone who could regularly supply 10 tonnes of tuna per week I'd be dancing on the roof', which supports the point by a separate buyer that, while summer is the high season, chilled tuna steaks are now a year-round

UK quality standards for fish products are among the highest in the world



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product. Another buyer noted that in early May to mid-August 'the price goes through the roof', and that 'in this period new entrants could break in, or [in any period] if they can offer product below the market price'. However, a third buyer emphasised that 'the trend is always for an increased price and we expect that to be the pattern going forwards', but that this element 'will limit the attractiveness of tuna to the customer'.

Sales of **value added meals** using fresh tuna registered a distinct decline in the year ending mid-July 2008. The production of ready meals is an important source of profitability for processors. They allow higher profit margins than more traditional products (such as canned tuna), not least because they use significantly less fish (the most expensive input) and allow the charging of higher prices because of the convenience factor. However, the economic recession has seen a significant drop in sales of this type of product in the UK, with consumers focusing on price rather than convenience.³⁴

The volume of **fresh swordfish steaks** sales declined by over 50 percent in the two year period between mid-2006 and mid-2008. In addition to the possibility that there is insufficient supply (as with fresh tuna steaks), this might also be explained by the fact that there is increased consumer awareness of sustainability concerns around this species. Some supermarkets no longer retail this product both as a result of sustainability concerns and the high levels of heavy metals in swordfish. However, there does appear to be demand for swordfish from better managed fisheries, particularly the US and to a lesser extent Brazil. This is because the US swordfish longline fishery uses round hooks, turtle excluder devices and engages in the mitigation of by-catch. In addition, one buyer noted that they try to regulate mercury content by the size of the swordfish: 'We want it to be not too big because of bio-accumulation, but not too small because of sustainable reproduction'.

Many UK buyers will only purchase fresh and frozen tuna caught by longline, pole & line or hand-line



Table 1 : UK retail sales of fish products of relevance to PLC exporters

	Value (£'000s)					Volume ('000s kgs)				
	Rank in total UK seafood retail sales	Year ending mid-July 2006	Year ending mid-July 2007	Year ending mid-July 2008	% Change 2007 to 2008	Rank in total UK seafood retail sales	Year ending mid-July 2006	Year ending mid-July 2007	Year ending mid-July 2008	% Change 2007 to 2008
Fresh										
Tuna	10	42,059	44,690	42,363	-5.2	15	2,786	2,233	2,146	-3.9
Meals containing tuna	24	8,757	9,929	7,843	-21.0	14	2,239	2,667	2,148	-19.5
Swordfish	41	3,071	1,936	1,757	-9.2	50	142	79	68	-14.4
Barramundi	55	89	493	429	-12.9	48	12	89	88	-1.4
Snapper	57	737	565	316	-44.0	71	16	12	6	-48.4
Mahi Mahi	58	95	213	272	27.7	66	5	9	13	49.3
Marlin	59	855	526	256	-51.3	62	62	37	23	-37.9
Frozen										
Tuna	16	3,867	5,188	4,073	-21.5	16	465	692	523	-24.5
Meals containing tuna	22	968	1,671	1,801	7.8	15	448	675	696	3.1
Snapper	39	NA	216	216	0.1	42	NA	11	11	1.1
Barramundi	42	NA	85	113	33.7	43	NA	4	7	58.2

Source: ACNielsen UK checkout data (based upon 12 month periods week-ending 12 July), adopted from SeaFish (UK): <http://www.seafish.org>



The UK market for **frozen tuna products** is smaller and less sophisticated than the fresh chilled equivalent. Not only is fresh chilled a 'far superior product', frozen tuna steaks are 'not particularly sought after'.³⁵ Based upon the data in Table 1, the UK market for frozen tuna (sold primarily as steaks) appears to be saturated. Given the fact that this product does not suffer the same seasonality problems compared to the fresh equivalent, the lack of growth probably cannot be explained by insufficient supply. Nonetheless, one buyer noted that there is potential for limited growth in the UK market for frozen fillets. For example, PIC firms could supply frozen steak grade/ grade 2 yellowfin tuna loins (2-4kg in size) or pre-cut steaks.³⁶ Another major buyer noted that sales of frozen tuna steaks and other products are growing in the EU27 as a whole and that there are opportunities for new innovative products.

According to another buyer, frozen fish products tend to be for older aged customers, usually those with a limited culinary repertoire and the item will be chosen at the end of their shopping trip. They are looking for something as a 'stop gap' (i.e. to keep in their freezers for when they are short on fresh food), so there is not a lot of browsing or potential for product innovation. There was *minus* 1.6 percent growth in the UK market for 'natural' (i.e. unprepared) frozen fish products in the 12 month period ending mid-2008 compared to the prior year, whereas the market for natural *fresh* fish grew by 6 percent in the same period.³⁷ However, sales of frozen value added meals using tuna have expanded, demonstrating that there might be market opportunities for frozen loins which are *not* for reprocessing into cans.

The UK is an important niche market for **other species of fresh and frozen fish**, including barramundi, snapper, mahi mahi and marlin, some of which are imported as fresh loins or other cuts. However, it is not known whether the general decline in sales of these species as detailed in Table 1 (except for mahi mahi which registered growth) is due to a lack of demand or insufficient supply. It is known that some markets for fillets of 'exotic' species are based on where the ethnic groups consuming them are located (i.e. in certain major UK cities), and that it is consequently a highly fragmented market. While all buyers agreed that there is room for growth in the market for 'exotic' fillets (often using the example that tuna took several years to get UK growth), they also all cautioned that the introduction of new species is an expensive and long process, requiring significant investment and promotion among conservative UK consumers (who have tended to stick with staples such as cod, haddock, salmon and prawns). For example, for one buyer 'mahimahi ticks all of the boxes – it's sustainable, no bones, no skin – it should work', but it has taken a long time to grow even a relatively small amount (see Table 1). Nonetheless, one buyer noted that they were looking for a well managed and sustainable source of red snapper. On the other hand, prospects for wahoo were considered to be not very good (often referred to in the UK as king fish) because it is often not well handled on deck because of its low value/ priority for chilling; and for barramundi, despite the fact that it used to be farmed in the UK which increased the exposure of consumers to the species, it is a direct competitor to the highly popular sea bass market because they look similar. Sea bass is farmed in Greece and the Mediterranean, which

The UK market for frozen tuna products appears to be saturated

There are important niche markets for non-tuna tropical species in the UK



because of its closeness to the UK market has a better price because of airfreight costs.

EU market for ultra low temperature tuna products

One of the major issues facing the retail of fresh tuna products is seasonality. The super-freezing of fish products to -60°C is an important technological innovation to overcome this issue (otherwise known as ultra low temperature – ULT – treatment). The other major related benefits of ULT tuna are that it significantly reduces the loss of product through spoilage, it offers a solution to the problem of predictability/consistency of supply, and it allows specified cuts and portion sizes to be consistently perfected.³⁸

In global terms, there is an increase in interest in ULT tuna products, not least in the face of rapid rise in oil prices which have negatively impacted the economics of air-freighted fish. However, the technology was initially developed for the high-value Japanese market, where heavy investment in the cold chain – from super freezer longliners to ULT containers and cold stores, and the ability to effectively defrost the fish pre-sale – was justified because of the higher price of tuna relative to the supply chain costs. One of the constraints in the EU is that only one shipping firm – Maersk³⁹ – is able to supply ULT containers for the transportation of the fish, which makes the transportation of product expensive and subject to the availability of containers. (Product can be held in containers until defrosting, providing a medium-term mechanism to overcome the lack of ULT cold stores.)

Some ultra low temperature (ULT) product is finding its way to the EU market, which is defrosted and retailed fresh, although the packaging makes it clear that it was originally frozen. ULT cold stores are being created in the UK and the market potential is currently small but it is building (apparently there is a similar situation in Belgium).⁴⁰ Reportedly ULT infrastructure is already in place in Holland and Spain.⁴¹ While establishing a ULT cold chain is a highly complex and expensive, the commitment by upper-end retailer M&S to source all of its food supplies via seafreight might provide an important incentive to investment in the development of a ULT market in the UK.

Bumble Bee changes ownership: Bumble Bee - the major US canned tuna brand - was owned by a Canadian firm called Connors Brothers, which sold its business to Centre Partners Management (a venture capital company) at the end of September for USD423 million.⁴² Connors Brothers was publicly listed on the Canadian stock exchange, but this sale puts all of its assets into private hands. The reasons behind this financial move are not known, but it may not effect Bumble Bees operations because Centre Partners Management had a previous financial involvement with the firm. This previous financial relationship did not affect the management personnel of its productive operations. Bumble Bee sources pre-cooked vacuum packed tuna loins from Pafco in Fiji.

**The EU
market for
ULT fish is
growing**



The collapse of Lehman Brothers and MW Brands

The collapse of the merchant banking firm Lehman Brothers has brought into the question the relationship between finance capital and the seafood sector. Lehman Brothers Merchant Banking had a significant investment in MW Brands (former Heinz European Seafood), which is the management company for three major European canned tuna brands – John West, Petit Navire and Mareblu.⁴³ As well as these big brands MW Brands has a controlling stake in processing facilities in France, Ghana, Portugal and the Seychelles, as well as a French purse seine company. The impact of Lehman Brothers declaration of bankruptcy on MW Brands is not known. But according to an MW Brands spokesperson, it will not affect its productive and marketing operations. The only discernable change is that MW Brands will 'have new partners and, probably new members on the management board', when Lehman Brothers' assets are sold.⁴⁴

Prior to this event, the CEO of MW Brands, Aldofo Valsecchi, was hopeful that the EU market for canned tuna would continue to expand in the coming years. But he pointed out that this would only be achievable through a combination of an increase in the intensity of consumption and through the continuation (and presumably the success) of product innovation.⁴⁵

Coming in the next issue (October 2008, Vol. 1: Issue 11)

- Special feature: challenges facing tuna sashimi markets
- Tuna industry in the Philippines
- Overview of seafood markets in France
- Tuna-related developments in American Samoa
- Piracy and tuna fisheries in the western Indian Ocean



1 Liam Campling is Consultant Fisheries Trade Analyst, FFA. The author would like to thank Amanda Hamilton, Len Rodwell and one person who preferred to remain anonymous for their input on an earlier draft of this briefing. The contents of this briefing (including all analysis and opinions) are solely the responsibility of the author and do not necessarily reflect the positions or thinking of the FFA Secretariat or its Members.

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20 See for example, 'Sisilo challenges EU over trade agreement', Solomon Star, 24 September 2008. Available at: <http://solomonstarnews.com>. 'Economic partnership talks: Pacific tells Europeans to focus on what we can do', Solomon Star, 22 September 2008. Available at: <http://solomonstarnews.com> and <http://www.bilaterals.org>. 'Island confronts EU over economic deal', Islands Business, 2 October 2008. Available at: <http://www.islandsbusiness.com>. Maureen Penjueli, 'David and Goliath battle', Fiji Times, 11 September 2008. Available at: <http://www.fijitimes.com>

21 This was to be distributed only among ESA signatories, in effect Madagascar, Mauritius and the Seychelles as they are the only ESA countries with tuna processing facilities. See ESA-EC IEPA, Protocol 1, Article 42. See also Council of the EU General Secretariat (30 November 2007). "Note for the Attention of the 133 Committee: Subject: EPA – Art XXIV compatible arrangement with Seychelles and Zimbabwe of ESA", 30 November 2007, MD no: 538/07, Directorate-General for Trade (Directorate D - Development and EPAs).

22 Council Regulation (EC) No 1528/2007 of 20 December 2007, "Applying the arrangements for products originating in certain states which are part of the African, Caribbean and Pacific (ACP) Group of States provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements", Official Journal of the European Union, L 348/1, 31 December 2007. Available at: <http://eur-lex.europa.eu/JOIndex.do>

23 The EC documents on derogations make the exact same textual reference to insufficient catches and supply of originating tuna. See, Commission Decision of 17 July 2008 on a temporary derogation from the rules of origin laid down in Annex II to Council Regulation (EC) No 1528/2007 to take account of the special situation of Mauritius with regard to preserved tuna and tuna loins, Official Journal of the European Union, L 194/9, 23 July 2008; Commission Decision of 14 August 2008 on a temporary derogation from the rules of origin laid down in Annex II to Council Regulation (EC) No 1528/2007 to take account of the special situation of Seychelles with regard to preserved tuna, Official Journal of the European Union, L 225/17, 23 August 2008; Commission Decision of 18 September 2008 on a temporary derogation from the rules of origin laid down in Annex II to Council Regulation (EC) No 1528/2007 to take account of the special situation of Madagascar with regard to preserved tuna and tuna loins, Official Journal of the European Union, L 255/31, 23 September 2008. All available at: <http://eur-lex.europa.eu/JOIndex.do> For a short overview of tuna catch decline in the western Indian Ocean see, George Thand, 'Indian Ocean tuna catch drops, experts differ on why', Reuters, 4 August 2008. Available at: <http://www.reuters.com>

24 The following draws upon a recent report produced for the Pacific Islands Forum Secretariat: Liam Campling with Amanda Hamilton and Mike Batty (2008), 'An Assessment of the Potential Benefits to PACP States of a Revision of the Rules of Origin for Fisheries Products of HS Chapters 0304 and 0305'. The overview of the UK market offered here draws upon interviews with the following individuals whose time and insights are greatly appreciated by the authors: Hamid Ali Dahman bin Salman Al-Nahdi, Blue Ocean (Oman); Mohammed Ashfaq, MIFCO (Maldives); Mike Berthet, M&J Seafoods (UK); Lucy Pelham Burn, New England Seafood International (UK); Jing Chunde, China Fisheries (Fiji) Holdings (Fiji); Quentin Clark, Waitrose (UK); X.J. Du, Golden Ocean (Fiji); Russell Dunham, Fiji Fish (Fiji); Andy Gray, Seafish (UK); Bob Hannon, Iglo Birds Eye (UK); Peter Hajjipieris, Iglo Birds Eye (UK); Dave Lucas, Solander (Fiji); Andrew Mallison, Marks and Spencer (UK); Stefania Vannuccini, FAO; Stephen William Wardley, Foodvest (UK); Col. C. Weeratunga, Global Fisheries PVT (Sri Lanka).



25 Gomez-Sanchez, Guillermo 2004, 'Market opportunities for sustainable tuna and tuna products', in S. Subasinghe, Sudari Pawiro and S. M. Anthonysamy, Proceedings of Tuna 2004: Eighth INFOFISH World Tuna Trade Conference and Exhibition 3-5 June 2004, Kuala Lumpur: INFOFISH, p. 167. Note that the 2007 figure may be using a different source of data than that cited by Sainsbury's

26 Gomez-Sanchez 2004: 167

27 Personal communications, UK buyers, 2008.

28 It is also necessary when importing fish into the UK to have in place a number of testing regimes for histamine, heavy metals, microbiological levels and to ensure that product is free of ciguatera.

29 The UK 'Seafish Guide to the Responsible Sourcing of Tuna' is available here: <http://tinyurl.com/5fkdds> For examples of sustainable sourcing guides by individual UK firms, see www.sustainableseafood.co.uk and www.youngsseafood.co.uk/company/youngs/corporate_responsibility.asp

30 For an overview of the food miles debate, see FFA Fisheries Trade Briefing, Volume 1, Issues 6 and 7 (May and June). Available at: www.ffa.int/node/1059

31 Seafish 2008, Focus on the Sushi Market, Available at: <http://www.seafish.co.uk>

32 Hermione Hoby, 'Raw tuna batters cod', The Observer, 3 August 2008. Available at: <http://observer.guardian.co.uk/>

33 Personal communications, UK buyers, 2008. See also, 'Salmon and Tuna prices now easing', FishUpdate.com, 1 October 2008. Available at: <http://www.fishupdate.com>

34 Karl-Erik Stromsta, 'Sour economy pricing many U.K. consumers out of ready meals', IntraFish Media, 1 August 2008. Available at: <http://www.intrafish.no>

35 Personal communication, UK buyer, 2008.

36 Supermarkets retail fixed-weight pack or poly-pack (e.g. two tuna steaks in a 200gm pack).

37 Based on ACNielsen data on UK segment shares available at: <http://www.seafish.org>

38 Stavros Tripis 2008, 'Superfrozen ULT-Tuna', paper presented at the Tuna 2008: Tenth INFOFISH World Tuna Trade Conference and Exhibition 28-30 May 2006; Ben DiPietro, 'Economics of super-frozen tuna', IntraFish.com, 11 August 2008. Available at: <http://www.intrafish.no>

39 For general details on Maersk's shipping branch see: <http://www.maerskline.com> Maersk's fact sheet on its ULT containers is available here: <http://tinyurl.com/6guack>

40 Person. Comms., 2008 ; Henk Brus 2008, 'European market for non-canned tuna products: Trends and issues', paper presented at the Tuna 2008: Tenth INFOFISH World Tuna Trade Conference and Exhibition 28-30 May 2006.

41 Person. Comm., 2008

42 'Connors Bros. reaches deal to sell to private equity firm', IntraFish Media,



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30 September 2008. Available at: <http://www.intrafish.no>. See also, 'Connors Bros. Income Fund Announces Sale of Business', Press Release, Toronto, 25 September 2008 (Canada NewsWire via COMTEX News Network).

43 Lehman Brothers Merchant Banking owned MW Brands in an investment portfolio that included 13 other companies. Lehman's investment was USD 1.2 billion in committed capital to this portfolio of companies. Details available at: <http://www.lehman.com/im/pe/mb/>

44 Natalia Freitas, 'MW Brands: "Lehman Brothers Bankruptcy Will Not Impact Us"', United Kingdom, 17 September 2008. Available at: <http://www.atuned.biz>

45 Ben DiPietro, 'Europe's canned tuna market growing', IntraFish Media, 12 August 2008. Available at: <http://www.intrafish.no>