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Fishery Products

Annual

2000

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Report Highlights:
Reduced catch and imports and increased exports resulted in a drop in Spanish seafood consumption in 1999, though consumption remains high at 40 kg/per capita. Lower catch is again expected in 2000 leading to increased aquaculture production and imports. In 1999, U.S. exports reached a record $59 million with 2000 exports expected to be even higher. Best opportunities are for U.S. live lobster, fresh fish, frozen fish, squid, and salmon. For the next few years seafood consumption could declined dramatically due to lower catches.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

Spain’s total catch continued to decline in 2000 as a result of lower fish stocks and limits on catches in non-EU waters. For the same reasons, catches are expected to decline further in the next few years. To compensate for lower catch, both imports and farm-reared production are expected to rise in the next few years. Spanish consumption of seafood declined in 1999 due to lower catches, larger exports and lower imports. Additional drops in consumption are expected for the next few years. Spanish imports and export of canned and cured products rose in 1999. In 1999, total exports of seafood (fresh and frozen) rose by 53,000 metric tons (mt); while total imports declined by about 99,492 mt from the previous year. Spain is expected to continue to be an active seafood trader through the next few years. However, the majority of the trade will continue to be conducted with other EU countries.

In 1999, U.S. seafood product exports to Spain reached a new record of $59 million despite the strength of the dollar. Spain continues to be a good market for U.S. seafood products, particularly squid (7,953 mt in 1999), fresh fish (1,370 mt - mainly hake) and live lobster (1,640 mt). With expectations for further growth in imports, Spain’s importers will be increasingly looking to the United States for quality seafood products. Price, however, will continue to be critical to marketing in Spain. For example, U.S. salmon continues to face stiff price competition from Norway. In addition to price, U.S. exporters should continue to focus on trade servicing, consistency, and reliability when attempting to sell in Spain’s highly competitive and dynamic seafood market.

Current exchange rate: 193 pesetas/$1.00; 22 percent higher than in September 1999.

STRATEGIC INDICATOR TABLE

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE					
		Previous	Current	Next	5 Year
		Year	Year	Year	Projections/
U.S. Competitive Position	Measurement *	Situation	Situation	Expectations	Expectations
U.S. Access Relative to Rest of World- Non-Tariff Measures (NTM)	Worse, equal, or better (choose one)	Equal	Equal	Equal	Equal
U.S. Access Relative to Rest of World - Tariffs	Higher, equal, or lower (choose one)	Equal	Equal	Equal	Equal
Presence of Marketing Programs (domestic and 3rd country) versus U.S. programs	More aggressive, about the same, or less aggressive (select one)	More Aggressive	More Aggressive	More Aggressive	More Aggressive
U.S. Prices Relative to Domestic and 3rd Country Prices	Higher, equal, or lower (choose one)	Equal	Equal	Equal	Equal
U.S. Market Share (3 Year. Average)	Percent	3.6	3.8	4	4.2
			Current	Next	5 Year
		Year	Year	Year	Projections/
Market Attractiveness	Measurement *	Situation	Situation	Expectations	Expectations
Per Capita Consumption of All Fishery Products	Kg per person	40	39	38	37
Per Capita Consumption of animal proteins (excluding fishery products)	Kg per person	129	131	131	131
Including poultry, pork, beef, eggs, lamb and rabbit meat. Dairy products are excluded					
Percent of population with refrigerators	Percent	96	97	97	98
Percent of fishery product sales at supermarkets	Percent	44	45	46	50
Percent of total food sales at supermarkets	Percent	35	37	39	44
Percent of animal protein sales at supermarkets (excluding fishery products)	Percent	43	44	46	50
Percent of fishery sales at HRI establishments	Percent	21	22	23	24
Percent of fishery sales at open markets	Percent	33	32	31	26
* If an explanation of rating is needed, insert a row and provide an explanation in the row below.					

GENERAL SEAFOOD AND PRODUCTS

Production

The total quantity of fish caught by Spanish vessels and landed in Spanish ports is estimated to have declined again in 1999. For 2000, the Spanish catch in European Union (EU) waters was reduced to 286,134 metric tons (mt), four percent lower than in 1999. This reduction is partly due to the expiration of a fishing agreement between the EU and Morocco on November 30, 1999, and as a result, Spanish ships have not been allowed to fish in Moroccan waters since December 1, 1999. The negotiations between the EU and Morocco to reach another fishing agreement have not yet begun. But it is expected that any new agreement will result in a further reduction in allowable catches as compared to the previous agreement. Encouraged by good domestic prices, production on farms rose again in 1999 and farm-reared production is expected to continue increasing as returns in this sector continue to be positive. Canned fish production in 1999 totaled 240,652 mt, up 2.6 percent from 1998. In addition, smoked fish production continues to gain in importance with output growing about ten percent to 13,200 mt.

The main fresh species landed in Spain are: Blue fish, hake and whiting, codfish, tuna fish, and cephalopods. Mussels are the most popular seafood item in Spain, primarily due their low prices. Tuna fish accounts for about half of all fish products used by the Spanish canning industry, followed by sardines, squid, mussels and mackerel.

Spanish 1997 - 1999 aquaculture production (metric tons) was as follows:

	1997 2000(est)	**1998**	**1999(est)**
Finfish			
- Trout	21,650	26,500	29,000
- Gilthead bream	5,092	6,330	8,500
- Turbot	2,895	1,850	4,400
- Salmon	730	800	850
- Sea bass	956	1,408	2,300
- Others	325	358	n/a
Shellfish			
- Mussel	188,000	190,000	204,000
- Oyster	3,950	3,600	8,500
- Clam	4,573	4,300	6000
- Others	3,856	4,500	5200

Source: Ministry of Agriculture.

1999 Spanish canned seafood production was as follows:

Product	Volume in MT	Average Price - pesetas/kilo
Tuna fish	129,469	411
White tuna	11,516	1,113
Sardines	25,306	440
Mackerel	11,714	662
Other fish	13,784	545
Anchovy	8,185	1,148
Mussel	11,896	1.008
Cephalopods	11,617	260
Cockle	5,485	548
Other	13,724	545
- TOTAL	**234,453**	**498**

Source: ANFACO (Canned Fish Producers Association)

Consumption

Spain is still the leading *per capita* consumer of seafood products in the EU and second in the world after Japan. Fish consumption during 1999 declined to roughly 40 kilos/per capita with a total consumption of 1.58 million mt. The decline in consumption was due to smaller catches, lower imports, larger exports and lower actual prices for poultry and pork during 1999. While consumer preferences are largely determined by price, fresh fish is generally preferred over frozen products. Due to continued smaller catches, prices for seafood are expected to rise and as a result, consumption is forecast to decline over the next few years. In terms of seafood products consumed, fresh products compose 54 percent of total seafood consumption, followed by frozen fish at 20 percent, and canned seafood products at 13 percent.

According to Mercamadrid, the largest seafood market in Spain, the main products consumed in Spain are the following:

Fresh fish	Frozen fish	Shellfish
Anchovies	Hake	Mussel
Hake	Squid	Luttleneck
Whiting	Prawn	Shrimp
Sardine	Shrimp	Clam
Sole	Swordfish	Crab
Salmon	Whiting	Portunus puber
Trout	Octopus	Perivinkle
Sole	Sole	Oyster
Codfish		Snails

Trade

In 1999, Spanish imports declined to 1,145,516 mt, down five percent from the previous year. About a quarter of these imports came from other EU countries, with Argentina, Morocco, Namibia and the United States as the other major suppliers. The main fresh fish species imported continue to be sardines, hake, salmon, megrim and anchovies, while hake, tuna, sole, mackerel; and sardines are the main species imported frozen. As the trend of lower catches is expected to continue, imports are forecast to continue growing over the next few years. The table below shows imports by product category.

1997-1999 Spanish Seafood Imports (mt)

BTN	Product	1997	1998	1999
03.02	Fish, fresh or chilled	198,540	208,221	201,972
03.03	Fish, frozen	303,140	361,151	321,825
03.04	Fish fillets	88,192	113,673	81,679
03.05	Fish, dried, salted	50,090	50,026	44,684
03.06	Crustaceans	106,215	130,114	117,562
03.07	Molluscs	260,937	282,534	277,050
16.04	Canned fish	44,804	45,220	84,289
16.05	Cured fish	12,245	13,982	14,456
TOTAL		**1,064,163**	**1,204,921**	**1,145,516**

Source: Spanish Customs Office

In 1999, Spanish exports of fish and fisheries products rose mainly due to increased exports to non-EU countries while shipments to EU countries declined marginally. Nonetheless, about 60 percent of Spain's seafood exports was destined for other EU countries in 1999. The recovery of Asia's economy is expected to result in higher exports in 2000.

1997-1999 Spanish Seafood Exports (mt)

BTN	Product	1997	1998	1999
03.02	Fish, fresh or chilled	67,341	67,837	70,797
03.03	Fish, frozen	215,685	318,545	337,679
03.04	Fish fillets	23,475	25,322	31,008
03.05	Fish, dried, salted	9,979	9,762	11,942
03.06	Crustaceans	11,513	12,571	30,978
03.07	Molluscs	129,030	133,198	136,746
16.04	Canned fish	52,315	75,550	97,658
16.05	Cured fish	18,101	17,970	17,990
TOTAL		**529,436**	**662,753**	**736,797**

Source: Spanish Customs Office

Factors Affecting U.S. Trade

Lower catches in both EU and international waters and continued firm demand resulted in a large increase of U.S. seafood exports. In 1999 U.S. seafood exports totaled $59 million, this is a 18 percent increase in comparison with exports during 1998. For the year 2000, another increase of about four percent is expected despite the strength of the dollar. U.S. frozen fish, frozen squid, salmon and lobster and fresh fish exports had the most significant increases. In 1999, the value of U.S. exports of salmon to Spain rose by 115 percent and another increase is expected for 2000. U.S. exports of squid to Spain increased from 2,926 mt in 1998 to 7,953 mt in 1999. Expectations for further reductions in Spain's catch of squid in Moroccan waters should increase opportunities for U.S. squid during the next few years. Demand in the canning industry for frozen tuna fish, sardines and mackerel continues to be strong and may increase further given the steady development of the Spanish canning industry and growing Spanish canned product exports. Potential also exists in the value-added or prepared fish sector as changing work patterns and lifestyles have increased the demand for ready-to-eat products.

Marketing

Lobster, fresh and frozen squid, and frozen fish have a large potential for U.S. exporters. The Spanish seafood canning industry imports frozen tuna and mackerel for processing and this sector is experiencing rapid growth. Demand for lobster (mainly U.S. lobster) is strong in Spain due to the increased use in the popular rice dish, paella, and for special occasions, such as wedding banquets. Finally, fresh fish (mainly whiting and hake) imported by air for direct consumption is also exhibiting solid demand.

Most EU countries have a large presence at trade fairs and are engaged in promotional campaigns. In particular, Norway has campaigns to promote its salmon in most seafood outlets.

In 1999, in Mercamadrid, the largest central market in Spain, prices for fresh fish rose by about two percent, while prices for frozen fish remained stable and prices for shellfish declined by about five percent.

The following seafood prices were obtained in a local fish shop, in pesetas/Kg.:

Date	**Sept. 8, 2000**	**Sept. 15, 1999**	**Sept. 9, 1998**
Hake, fresh	2,480	2,390	2,990
Hake, frozen sliced	860	860	870
Cod, fresh fillets	1,221	1,116	1,150
Salmon, fresh	720	680	660
Sole, frozen	n/a	n/a	970
Sole, fresh	1,550	1,990	1,990
Whiting, fresh	1,960	1,990	1,710
Sardines	370	360	390

SQUID/CUTTLEFISH

PS&D Table

PSD Table						
Country	Spain					
Commodity	Squid/Cuttlefish				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	6000	6000	6000	6000	6000	6000
Total Production	24000	32000	22000	18000	0	18000
Intra-EC Imports	18000	15574	18000	15000	0	15000
Other Imports	106000	89109	110000	100000	0	95000
TOTAL Imports	124000	104683	128000	115000	0	110000
TOTAL SUPPLY	154000	142683	156000	139000	6000	134000
Intra-EC Exports	48000	46189	48000	46189	0	46000
Other Exports	7000	6465	7000	6465	0	6000
TOTAL Exports	55000	52654	55000	52654	0	52000
Domestic Consumption	93000	84029	95000	80346	0	76000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	93000	84029	95000	80346	0	76000
Ending Stocks	6000	6000	6000	6000	0	6000
TOTAL DISTRIBUTION	154000	142683	156000	139000	0	134000

Production

According to trade sources, the Spanish squid catch could decline dramatically in the year 2000. This reduction is partly due to the expiration of a fishing agreement between the EU and Morocco on November 30, 1999, and as a result, Spain has not been allowed to fish in Moroccan waters since December 1, 1999. The negotiations between the EU and Morocco to reach another fishing agreement have not yet begun. In any case, it is expected that any new agreement will result in a further reduction in allowable catches as compared to the previous agreement. The Spanish fleet had been catching a large portion of the squid in Moroccan waters and in 2000, with no EU-Moroccan agreement in place, catches in Moroccan waters are expected to be minimal. Catches are forecasted to continue to decline due to expectations for a required reduction under a possible renewed agreement with Morocco, where most of Spain’s catch occurs. According to market sources, production could decline dramatically to 18,000 MT for 2000 and 2001 due to minimal catches expected in Moroccan waters.

Consumption

In 1999, Spanish squid consumption declined mainly due to reduced supply (lower catches and imports). Squid is usually consumed battered and fried, with the ubiquitous squid "tapas" and sandwiches being the most common form in which they are consumed. It is estimated that about 12,000 mt of squid were used by the

Spanish canning industry in 1999.

Trade

Most squid and cuttlefish are imported frozen. In 1999, imports from the United States rose dramatically to 7,953 mt due to lower domestic catch. For 2000, imports are expected to rise to offset the lower domestic catch. Spanish export are expected to remain stable in 2000. Squid exports rose marginally in 1999, mainly due to higher exports to the EU.

1999 Spanish Imports of Squid/Cuttlefish (metric tons)

Import Trade Matrix	
Country	Spain
Commodity	Squid/Cuttlefish
Time period	CY
Imports for:	1999
U.S.	7,953
Others	
EU Countries	15,574
Falkland Islands	21,183
India	14,556
Morocco	14,160
China	8,246
Total for Others	73,719
Others not Listed	23,011
Grand Total	104,683

1999 Spanish Exports of Squid/Cuttlefish (metric tons)

Export Trade Matrix	
Country	Spain
Commodity	Squid/Cuttlefish
Time period	CY
Exports for:	1999
U.S.	108
Others	
EU Countries	46,189
Japan	1,356
Croatia	1,769
Total for Others	49,314
Others not Listed	3,232
Grand Total	52,654

Marketing

Spain offers good opportunities for U.S. squid exports, as demand remains firm, while local catch is expected to decline. Most imports are undertaken by frozen food processors, who also handle their own distribution. The United States' main competition comes from well-already established squid suppliers such as the Falkland Islands, Morocco, China and India.

The following prices (per kilogram, in pesetas) for squid and squid products were obtained from an indicative local market and are generally representative of prices in major Spanish urban areas:

Date	**Sept. 8, 2000**	**Sept. 15, 1999**	**Sept. 9, 1998**
Squid, whole, fresh	2,290	1,790	1,750
Squid, rings fresh	N/A	N/A	N/A
Squid, whole, frozen	788	520	592
Squid, rings, frozen	610	590	695

LOBSTER

PS&D Table

PSD Table						
Country	Spain					
Commodity	Lobster				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	100	100	100	100	100	100
Total Production	1500	1500	1500	1500	0	1500
Intra-EC Imports	800	702	810	700	0	700
Other Imports	5600	5728	5700	6200	0	6500
TOTAL Imports	6400	6430	6510	6900	0	7200
TOTAL SUPPLY	8000	8030	8110	8500	100	8800
Intra-EC Exports	600	3037	600	3500	0	3750
Other Exports	11	46	11	50	0	50
TOTAL Exports	611	3083	611	3550	0	3800
Domestic Consumption	7289	4847	7399	4850	0	4900
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	7289	4847	7399	4850	0	4900
Ending Stocks	100	100	100	100	0	100
TOTAL DISTRIBUTION	8000	8030	8110	8500	0	8800

Production

According to trade sources, lobster (*Homarus*) and spiny lobster (*Panulirus*) landed in Spanish ports, caught by Spanish vessels or taken from nurseries remained stable at about 1,500 metric tons (mt). The majority of this amount is derived from wild catch, with only about 16 tons per year produced in nurseries. Most are caught in northern Spain, mainly in Galicia, but they are very scarce, and no increases in production are expected in the near future. The majority of the catch is of the *Homarus* genus.

Consumption

Spanish lobster consumption is rising despite the high prices. However, growth in the consumption of U.S. lobster is hindered by the current strength of the dollar. About 60 percent of total lobster consumption consists of frozen imported lobster. Lobster consumption competes primarily with high quality shrimp, prawns, and crab, which are generally lower priced. Despite the constraint imposed by the strong U.S. dollar, demand for U.S. product is growing due to increased use of the product for special occasions, such as wedding banquets, and due to continued use as an ingredient in high quality paellas.

Trade

In 1999, Spain was again a very active importer of lobsters. Spanish lobster imports rose by four percent, with imports of U.S. lobster (mainly live lobsters) also rising by four percent. Due to the popularity in the upper income segments of the population imports could rise again in 2000, despite the strength of the dollar. Export could rise to meet a higher demand from EU countries.

1999 Spanish Imports of Lobster (metric tons)

Import Trade Matrix	
Country	Spain
Commodity	Lobster
Time period	CY
Imports for:	1999
U.S.	1,651
Others	
EU Countries	702
Cuba	3,203
Morocco	192
Canada	290
Total for Others	4,387
Others not Listed	392
Grand Total	6,430

Source: Spanish Customs Office

1999 Spanish Exports of Lobster (metric tons)

Export Trade Matrix	
Country	Spain
Commodity	Lobster
Time period	CY
Exports for:	1999
U.S.	0
Others	
EU Countries	3,037
Total for Others	3,037
Others not Listed	46
Grand Total	3,083

Source: Spanish Customs Office

Marketing

Spain continues to offer good possibilities for exports of live Maine lobsters, especially for consumption in the upper income segments of the population in urban centers. Maine lobster is increasing in popularity among consumers due to use in paella and as a luxury food during special events such as wedding banquets.

The following are representative prices (pesetas /kilogram) of fresh and frozen lobster in a Madrid supermarket:

Date	**Sept. 8, 2000**	**Sept. 15, 1999**	**Sept. 9, 1998**
Spiny Lobster, live	10980	9.990	9,990
Lobster, live	3600	3.200	2.820
Lobster, live (domestic)	5990	4,780	4,980
Spiny Lobster, frozen	3700	3,600	3,100