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French Surimi Market

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Report Highlights:

In the last ten years, surimi consumption in France has tripled, overtaking sales of smoked salmon. Affordable prices and a steady stream of new and innovative surimi products continue to support strong sales growth. Because French production does not meet consumption, good opportunities continue to be available for American suppliers of surimi products. In 2000, the U.S. supplied 46 percent of France's total imports of 14,238 MT.

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1. Executive summary

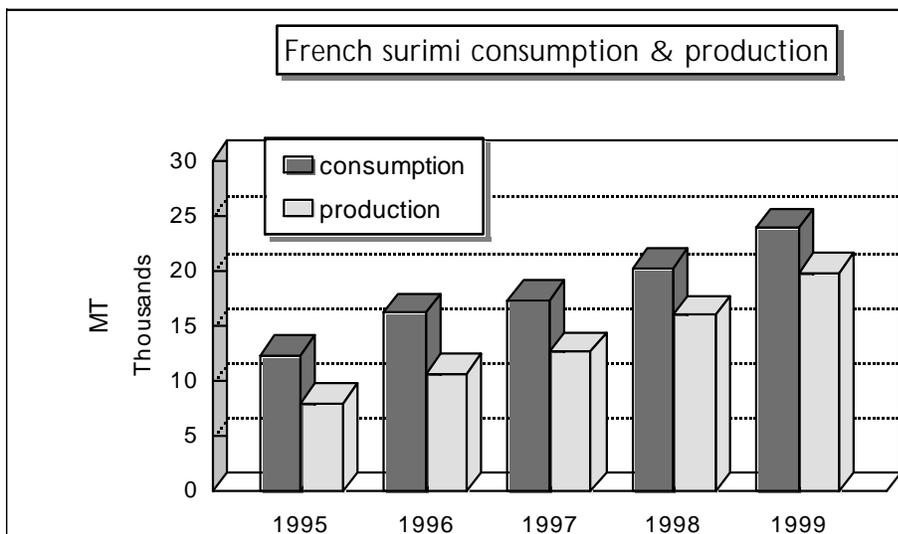
In the last ten years, surimi consumption in France has tripled, overtaking sales of smoked salmon. Affordable prices and a steady stream of new and innovative surimi products continue to support strong sales growth. Because French production does not meet consumption, good opportunities continue to be available for American suppliers of surimi products. In 2000, the U.S. supplied 46 percent of France's total imports of 14,238 MT.

Surimi, a word meaning "washed fish", first appeared four centuries ago in Japan, where fish fillets were crumbled, rinsed in fresh water, seasoned, then shaped and salted to obtain little cakes which were steam cooked. The method is similar today, though equipment is modern. Surimi is prepared with white fish such as hake, bream and whiting. Four to five kilograms of fish are necessary to produce one kilogram of surimi. Although annual French production of surimi is almost 20 MT, this amount is insufficient to meet growing demand, making France an interesting market for U.S. surimi producers.

a) Advantages

French meal habits have changed considerably in the last few decades. Households, in which both persons are usually working, buy more and more snacks to eat at home or at the workplace. Surimi is a product easy to carry and store. Packaging is diversified and offers lots of possibilities. Surimi can be consumed as a ready-to-eat product or used as an ingredient (shredded, sticks or slices) in salads or sandwiches.

Surimi is a good source of protein, minerals and vitamins, and is recognized as a healthy food product, low in fat and with good nutritional value.



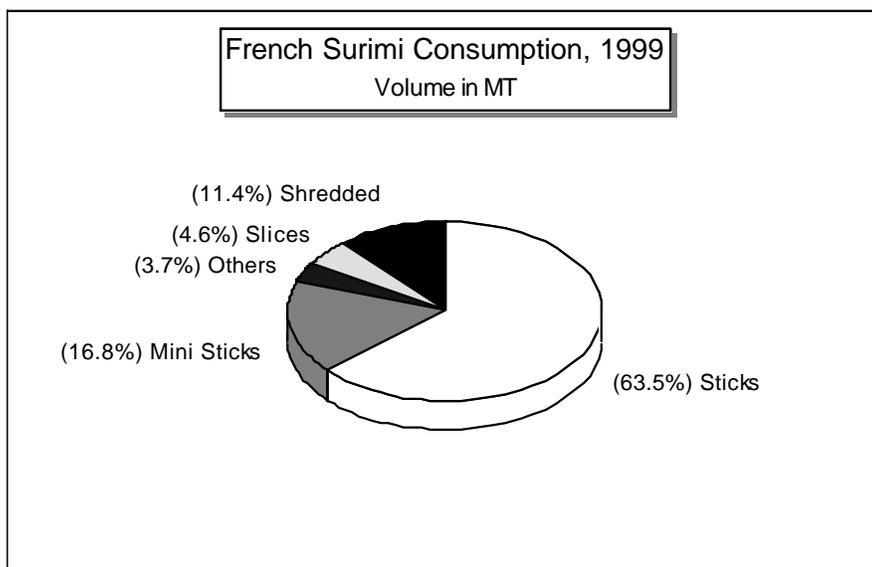
b) Disadvantages

Surimi is not a particularly attractive product. It will never win a gastronomy prize. It is best as an appetizer, snack, or as an ingredient product. Imitation scallops and crawfish do not look natural, and consumers often feel there is a lack of flavor and naturalness in surimi products.

2. Consumption

a) Surimi consumer profile and preferences

French consumers buy mainly fresh surimi products (sales of 20,315 MT in volume, about USD 110 million in 1999) compared to frozen items (1,555 MT, about USD 5.6 million). In France, surimi is purchased largely by households, with retail sales of 16,377 MT in 1999 (13 MT in 1998: 40 percent per year increase) and growing much faster than sales for smoked salmon. The difference in volume for sales is explained by the part of product sold to the HRI sector and the food industries. With an average of 4 out of 10 households consuming surimi, the product attracts families with children. Households with 3 to 5 people are the greatest consumers, and mini sticks are very popular in households with children. The profile of the average surimi consumer is correlated with lower middle class incomes.



b) Market segmentation trends

The average price of surimi is USD 8.57 / kg for regular sticks and can reach USD 11/kg for the highest-value products. Twenty five percent of surimi buyers use it as snack. Among dynamic segments, shredded surimi has a good future (26 percent of surimi consumers have already bought shredded surimi while 84 percent of consumers think it is an interesting product).

Surimi sticks represent the majority of sales with 10,550 MT (up 23.5 percent in one year), but innovative products such as mini sticks, shredded surimi and slices are growing fast at respectively up 29.3 percent, up 21.4 percent, and up 17.2 percent. Surimi sticks are sold in transparent plastic bags, doypacks (soft plastic packs that stand vertically on a rigid base), little boxes or small plastic containers, often including sauces such as mayonnaise, ketchup, and recently Tex-Mex and cocktail sauces.

Processors have found more and more ways to prepare surimi for retail sale: it has been hors d'oeuvre, snack, and now a party product. No longer just a cold ready-to-eat product, it is now used for main dishes which are served hot: breaded surimi, Asian style nems, kebabs. Surimi comes in several flavors such as crab, lobster, and

scallops. During the SIAL 2000 show in Paris, new shrimp-flavored kamaboko (surimi product, steam cooked) was introduced. There is a great deal of research going on the area of natural flavors. The company Activ International just created a range of "marinextraits" --marine extracts-- natural concentrates from crab, lobster, shrimp, scallops, crawfish, salmon that will improve surimi flavorings.

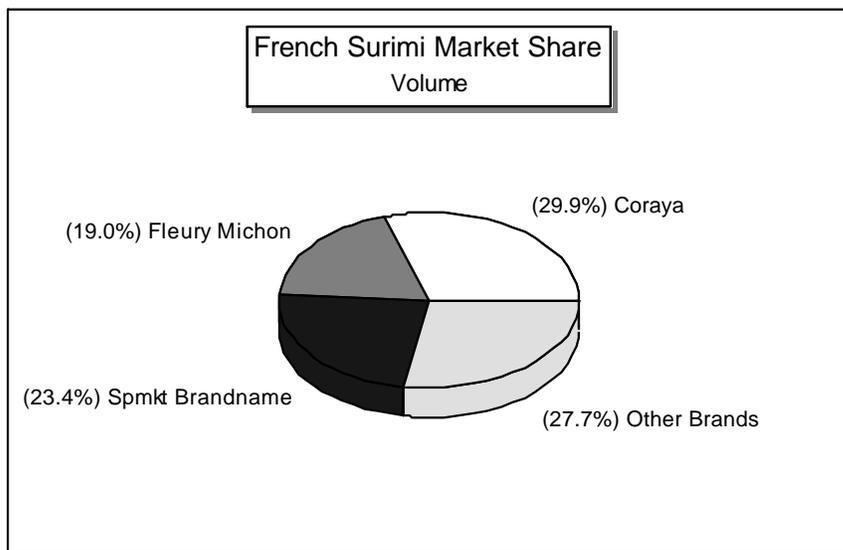
Consumers are always expecting new uses. The company CUISIMER with its range of products Coraya, responded to demand by creating party appetizers called "sticks of the sea". At 2.82 oz, 15 centimeters long and 3 cm diameter, the product consists of three joined surimi sticks which make a three-pointed star when sliced.

The company FLEURY MICHON has come out with innovative products such as "les p'tits bouchons de surimi panés" and "Fingers de surimi panés", which are breaded surimi pieces sold in servings of 7.5 oz including a little cup of ketchup. These snacks are generally placed next to the breaded fish in supermarkets.

Nine buyers out of ten slice surimi, so Fleury Michon sells cubes of surimi in 5.3 oz bags, allowing the pieces to remain perfectly shaped in salads and other preparations. To replace tuna in salads, the company sells crumbed pieces in servings of 3.57 oz, which may also include real crab.

Practical aspects of the product are important also. Surimi rolls are ready to use, already sliced, in servings of six slices of 1.8 oz each, which can be attractively arranged on a plate.

The third company on the French market, MERALIM, with its range of products Ocilia, has created imitation crab claws, shaped products with lobster flavor, and gambas (Mediterranean prawns).



3. Market description

Surimi consumption really started in France in 1989, and the market has tripled in about ten years. In 1988, "ADISUR", the French association for the development of surimi industries, was created. This association groups together French industries producing surimi in order to offer high quality products.

In 1999, French production was 19,850 MT, up from 16,000 MT in 1998. For MY 2000 (through October), 48.7 percent of French households bought surimi and French consumption per capita was 1.35 kg. Household consumption reached 13,933 MT with an increase of 19.82 percent compared to 1999.

By comparison, smoked salmon consumption was 8,042 MT with a decrease of 2.6 percent compared to 1999. Surimi prices have also lost 1.67 percent compared to 1999.

The company FLEURY MICHON was first to develop a range of fresh surimi products. In France, five companies employing 2,180 people are producing surimi: COMABOKO, CUISIMER, FLEURY MICHON, NARVIK and PROTIMER. In 1999 surimi sales rose 25 percent. It is the fastest growing segment of the seafood products sector. Surimi is sold mostly in supermarkets and hypermarkets.

The COMAPECHE (a Saint Malo based-company with a subsidiary COMABOKO) has its own trawler the "Joseph Roty". It has been fitted out as a factory ship and it is the only European trawler fitted to produce surimi base. Production for FY 2000 is forecast at 2,000 MT.

France produces 19,850 MT of surimi versus consumption of 23,950 MT, and is the second European market after Spain. France must import surimi base or surimi products, and the main suppliers are the United States with 83 percent in volume, 82 percent in value, and Argentina with 7 percent and 7 percent respectively in 1998. Other imports are mainly from South Korea, Thailand, and China and concern frozen surimi sticks that will be kneaded again, flavored and sold as a final fresh product.

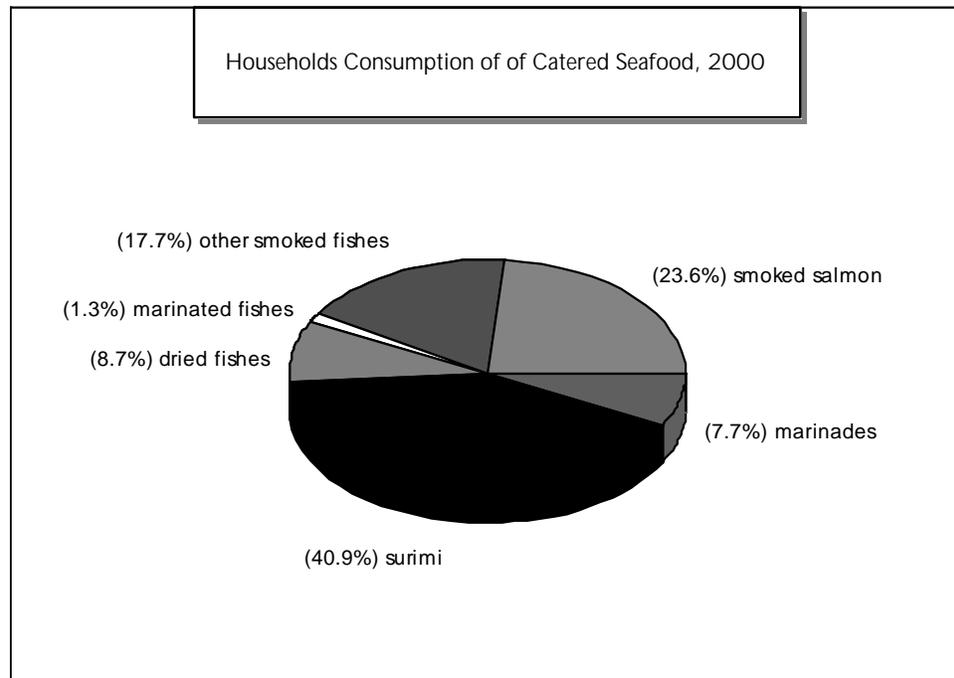
The United States is the first producer and exporter of surimi in the world. In 1998, American exports were 110,000 MT. The European Union, with a consumption volume of about 60,000 MT, represented a market supplied essentially by imports.

The best surimi base is produced from Alaskan hake, but due to declines in natural stocks, fishing quotas are reducing the allowable catch.

French surimi imports, MT, 2000

COUNTRY	FROZEN SURIMI	SURIMI PRODUCTS
Belgium	32.6	121.2
Danemark	0.4	2.1
Germany	0	0.7
Spain	15.1	21.8
United Kingdom	3.3	0
Ireland	0	42.0
Italy	1.7	6.3
Netherlands	7.4	1.5
Portugal	3.7	0
Other EU countries	0	0.4
Argentina	475	0
Canada	186.1	0
Chile	527.9	0
China	6.0	2211.4
South Korea	26.4	1633.1
North Korea	0.8	0
Peru	371.3	0
Russia	199.5	0
Thailand	10.7	1265.1
Vietnam	0	27.1
Malaysia	0	46.5
Feroe	22.0	0
Singapore	0	10.2
India	340.8	0
Lituania	0	65.3
United States	6552.9	0
TOTAL	8783.6	5454.7

Source: National Direction of Statistics for Exterior Trade.



4. Standards and regulations

Surimi base must conform to French standards "la norme AFNOR" established in 1997: must contain 85 percent of fish flesh. Surimi products must contain 35 percent of surimi base (30 percent fish flesh minimum).

Customs fees : 20 percent

VAT : 5.5 percent

Additional levy before VAT on fish: 0.20 percent

Additional levy before VAT on oil: 17.40 FF for 100 kg semi-gross.

Sources: specialized magazines : "Linéaires", "Produits de la mer", "Veille internationale", "Seafood International" and "OFIMER".

Statistics and numbers from ADISUR, ACNielsen, OFIMER.