Voluntary Report – Voluntary - Public Distribution **Date:** March 17, 2021

Report Number: PO2021-0009

Report Name: The Portuguese Seafood Sector

Country: Portugal

Post: Madrid

Report Category: Fishery Products

Prepared By: Arantxa Medina

Approved By: Jennifer Clever

Report Highlights:

In 2019, total catches of fishery products were valued at $361 million. The steady growth of total national catches over the last few years is driven, among other factors, by domestic consumption. Portugal is the country with the highest fish consumption in the European Union. Portuguese consumers regard seafood as a healthy food and as a key component of many traditional dishes. The aquaculture sector is also growing. Throughout the pandemic, demand for cheaper fish species, frozen and processed fish increased. This reflects the economic downturn caused by the COVID-19 pandemic and consumers' interest for convenience foods. These are consumer trends likely to continue after the pandemic. In 2019, total seafood imports were valued at $2.6 billion, while exports totaled $1.3 billion. Portugal's fish trade balance has been negative for decades, and importing needs are likely to remain in the foreseeable future. The following is a commissioned report prepared in collaboration with Arcadia International.

Section I. Characterization of the Seafood Sector

Portugal has a long fishing history and tradition. It is geographically privileged being located at a maritime crossroads between three continents (Africa, America, and Europe) and has a seacoast abundant in fish. The seafood sector presents significant socio-economic importance at the national level and particularly for communities located in coastal areas.

Over the last few years, the number of fishermen has decreased significantly (Table 1). In 2019, their number amounted to 14,617 (-9.6 percent compared to 2018). Between 2001 and 2017, the southern regions of the country, in particular, saw a dramatic reduction (-56 percent) in the number of fishermen. In general, this decline is attributed to the fact that fishing is an underpaid and irregular activity due to regulatory restrictions and limits on catches. Competition from recreational boating and the requirement for a long and complex training period, among other factors, also contributed to the decline.[1]

Table 1. Fishing vessels and fishermen between 2017-2019

	2017	2018	2019
Fishing vessels	4,019	3,944	3,902
Fishermen	17,642	16 164	14,617

Source: INE 2020, Estatísticas da Pesca 2019; INE 2019, Estatísticas da Pesca 2018; INE 2018, Estatísticas da Pesca 2017 available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOEStipo=ea&PUBLICACOEScoleccao=107656&selTab=tab0&xlang=pt

Currently, 17 fishing producer organizations (POs) are formally recognized in Portugal in accordance with EU rules of the Common Market Organization for fishery and aquaculture products. In 2019, these represented 47 percent of all licensed fishing vessels.[2]

Section II. Fishery

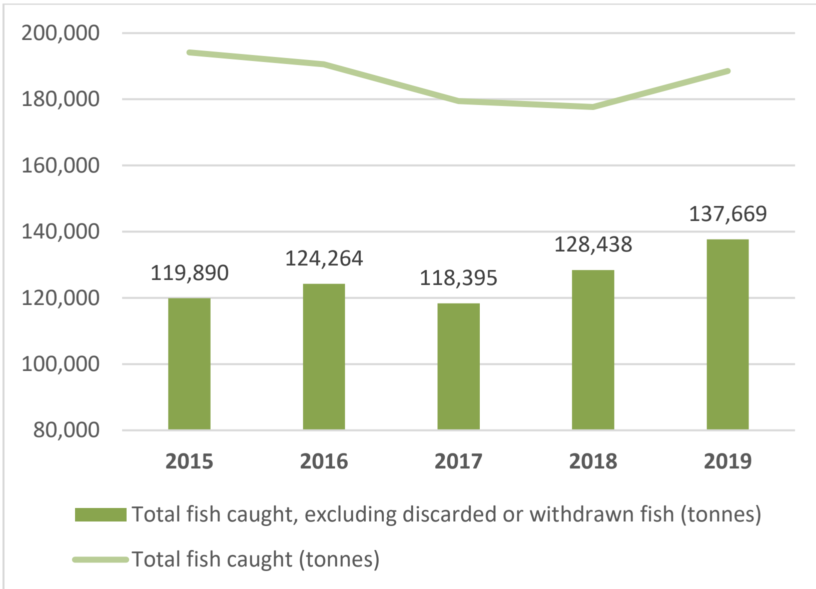
According to the National Statistical Institute (INE), in 2019 the total domestic fishery catches increased 6.1 percent compared to 2018 (Figure 1). Of the total catches recorded in 2019, fishery products represented 137,669 tons corresponding to a value of $361 million (+ 1.2 percent as opposed to 2018).[3] This increase may be justified by a rise in consumer demand and greater availability of fish in 2019.

[1] Source: https://sicnoticias.pt/economia/2019-02-23-Ha-cada-vezmenos-pescadores-em-Portugal

[2] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

[3] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

Figure 1. Portuguese Fishing Between 2015-2019



Source: Prepared by Arcadia International based on INE 2020, Estatísticas da Pesca 2019, available https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

With regard to the regional distribution of the volume of catches in 2019, the Lisbon Metropolitan Area ranked first nation-wide at 28.1 percent, a percentage that has been increasing over the past few years. The Central region follows (25.8 percent) and Algarve (16.2 percent). The North of the country ranked fourth (12.4 percent), followed by the Azores (6.0 percent), and Madeira (5.9 percent).[4]

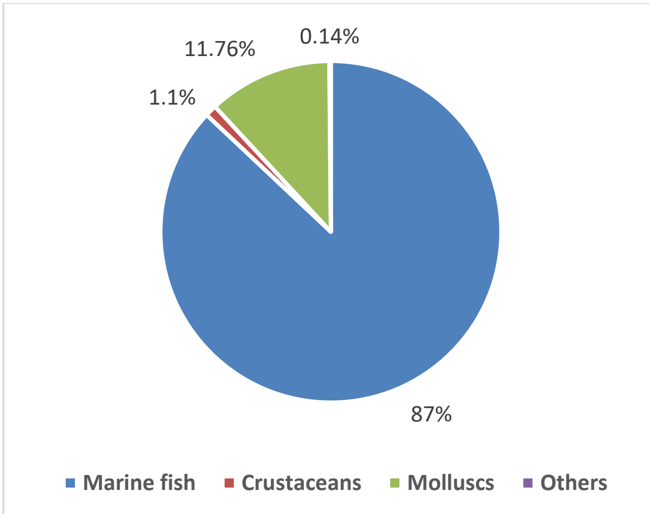
As shown in Figure 2, fishing in Portugal is largely dominated by the capture of marine fish (87 percent in 2019), followed by mollusks (11.76 percent), and crustaceans (1.1 percent). Within marine fish, mackerel, horse mackerel, tuna and the like, together with sardines are the fish species most caught in Portugal. Within mollusks, octopus, cockles, squid, and clams are the most important species in terms of volume, while crabs and prawns rank first among crustaceans.[5]

Of note, among caught marine fish, mackerel stood out as a species strongly rejected by consumers in the past. However, currently, it is in great demand in Portugal, mainly due to promotional campaigns. On the other hand, the catch and availability of sardines, a traditional component of the Portuguese diet, have decreased sharply in recent years due to legal catch restrictions. Notwithstanding, sardines remain one of the most sought after fish species.

[4] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2
[5] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

Regarding fishery stocks, Portugal's fishing opportunities in EU waters increased by 29 percent in 2019, compared to the previous year. [6]

Figure 2. Portuguese Catches by Seafood Category in 2019



Source: Prepared by Arcadia International based on INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

During the most restrictive measures in response to COVID-19 (March-May 2020) there were no reports of significant limitations on the capture, supply, and movement of seafood.

Section III. Aquaculture

In Portugal, the aquaculture sector is steadily growing. In 2018, aquaculture production (13,992 tons) rose 11.5 percent compared to the previous year, and rose 29.6 percent compared to 2015. [7] In 2019, total sales in aquaculture generated an income of $118 million.[8] In 2018, the production of mollusks and crustaceans accounted for 67.2 percent of total aquaculture production (clams being the most important product category, followed by oysters, and mussels), while fish production accounted for 27.6 percent of total production with turbot ranking first. [9] At the end of 2018, there were 1,515 licensed aquaculture establishments in Portugal.[10]

[6] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

[7] Source: Arcadia calculations based on INE 2020, Estatísticas da Pesca 2019 and INE 2016, Estatísticas da Pesca 2015 available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOEStipo=ea&PUBLICACOEScoleccao=107656&selTab=tab0&xlang=pt

[8] Source: Prepared by Arcadia International based on INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

[9] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

[10] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

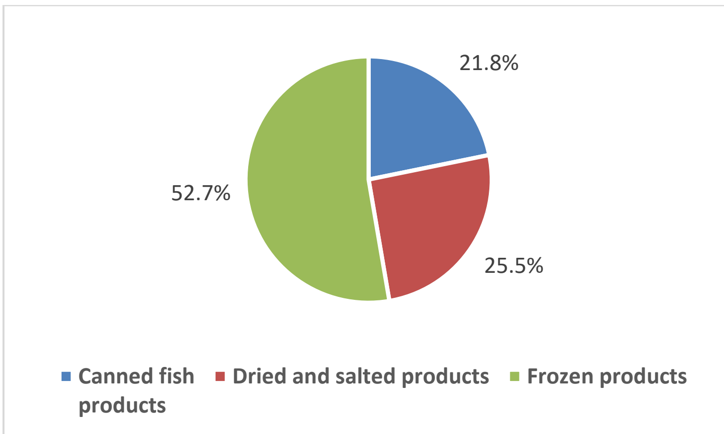
Sonae group, the leader of the Portuguese food retail market, announced this year that it will invest $30 million in a project to produce farmed sea bream by 2022 in the south of the country.[11] The company intends to increase total sales of domestic fish through its retail outlets by more than 20 percent during the first year of the project, and to reach over 40 percent of total fresh fish sales.

Section IV. Processing Industry

In 2018, the fish and aquaculture processing industry produced 220,000 tons of frozen, salted and dried, and canned fish products. In general, the production volume has been slightly decreasing. In 2018, the processed volume decreased 6 percent compared to 2015. However, the total sales value of the fish and aquaculture processing industry amounted to $1.3 billion, a 21 percent increased compared to 2015.

In 2019, in the country there were 166 companies in the fishing and aquaculture processing industry.[12]

Figure 3. Production by Fishing Industry in 2018



Source: Elaborated by Arcadia International based on INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

Overall, cod ranks first in terms of production volumes within frozen and dried, and salted fish products. In terms of canned seafood production, tuna is the most important fish species within the Portuguese seafood processing industry.

Section V. Consumption

According to the European Market Observatory for Fisheries and Aquaculture Products (EUMOFA), Portugal is the EU country with the highest fish consumption (approximately, 56.8 kg per capita in

[11] Source: https://www.publico.pt/2020/07/14/economia/noticia/sonae-investe-25-milhoes-producao-dourada-algarve-ate-2022-1924344
[12] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

2017), corresponding to more than twice the European average.[13] To meet this demand, Portugal complements its seafood needs with imports (see Section VI. International Trade).

Portuguese consumers regard seafood as a healthy, fresh food, and as a key component of many traditional national dishes. In addition, food companies have been developing innovative ready-to-eat options containing fish, which meets Portuguese consumers' growing demand for convenience products.

In Portugal, the food service sector is one of the main distribution channels for fish and fish products. In the spring of 2020, the sector was severely hit by the restrictions imposed to contain the spread of COVID-19 and forced to operate only through take-away or online sales. Due to such limitations, seafood sales are estimated to have dropped 40 percent during the spring lockdown due to the closure of the food service.

At the retail level, the following seafood trends have been observed during the pandemic:

1. <u>Increased Demand for Inexpensive Seafood Species</u> - With the economic instability that some Portuguese consumers have already started experiencing because of COVID-19 pandemic, demand for high-quality and, thus, more expensive fish (e.g. wreck fish) decreased in 2020. Market experts consider that this is a trend that may continue in the future, as the economic consequences of the pandemic are expected to worsen in 2021.

2. <u>Increased Demand for Frozen and Processed Seafood</u> - Market experts believe that the pandemic will lead to an increase in consumer demand for frozen and processed fish. The closure of the food service channel has prompted consumers to increasingly opt for convenience foods for home consumption, including frozen fish and fish-based ready meals. Secondly, as most Portuguese consumers are no longer used to cooking fresh fish at home, convenience foods containing seafood are likely to be products that will be in high demand also in the post-pandemic scenario.

Lastly, national seafood associations are very active in promoting fish consumption, especially for fish species that are present in large quantities on the national coast, such as horse mackerel.[14]

Section VI. International Trade

In 2019, the international trade balance for fishery products presented a deficit of $1.3 billion, or $15.4 million more than 2018.[15]

<u>Imports</u>

Fish, crustaceans, and mollusks are the most imported food category in Portugal. In 2019, these imports represented 16.8 percent of total Portuguese food imports.[16] In 2019, imports of fishery products were

[13] Source: EUMOFA 2017, available at https://ec.europa.eu/fisheries/6-consumption_en
[14] Source: https://www.acope.pt/noticias/1140-docapesca-relanca-campanha-de-promocao-do-consumo-de-carapau.html
[15] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2
[16] Source: GPP 2019, available at http://www.gpp.pt/images/gam/1/agregados/EstruturaCIProduto.xlsx

valued $2.6 billion, amounting to 506,964 tons. In general, imports have been increasing. Between 2015 and 2019, imports increased by 3.8 percent in volume and 24 percent in value.

The largest share of domestic imports originates from the EU market, where Spain is the first ranking supplier (accounting for 39.3 percent of imports in 2019), followed by Sweden and the Netherlands. In 2019, these three countries accounted for more than half of Portugal's imports of fishery products (58.6 percent).[17]

Table 2. Portugal's Top Non-EU Suppliers of Seafood Products in 2019

Fish categories	Main non-EU suppliers
Fresh or chilled fish	1. Turkey 2. Senegal 3. Uganda
Frozen fish except fillets	1. Russia 2. United States of America 3. South Africa
Fish fillets and other fish meats	1. China 2. Namibia 3. South Africa
Dried, salted, smoked fish, etc	1. China 2. Norway 3. Iceland
Crustaceans, live, fresh, chilled, frozen	1. Mozambique 2. India 3. China
Mollusks and aquatic invertebrates, live, fresh, chilled, frozen	1. India 2. China 3. Mauritania
Fish preparations, canned fish	1. Mauritius 2. Ecuador 3. China
Crustaceans, mollusks and other preserves	1. Vietnam 2. Chile 3. Ecuador

Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

As shown in the table above, after Russia, the United States was the second largest non-EU supplier of frozen fish (except fillets).

Within fresh or chilled fish imports, the most imported fish species in 2019 were salmon, mackerel, sardines and cod. Cod and hake were the most imported frozen fish species. In addition, cod was the most imported dried fish. Regarding processed products canned tuna was the most imported product.

[17] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2

In 2013 and 2014, Portugal signed a cooperation protocol with Norway and Iceland to ensure that cod supplied to Portugal by those two countries did not contain phosphates, which would otherwise undermine the traditional cod drying process.[18] Hence, these two markets are very important suppliers.

Market experts consider that, since Portugal's seafood trade balance has been negative for decades, the country's import needs are likely to remain the same in the foreseeable future.

Exports

Given its long-standing fishing tradition and its geographical location in the European continent, Portugal exports a large quantity of fish. In 2019, fish was the second most exported food category (11.2 percent of the total of national food exports).[19] Exports of seafood products lowered 2.2 percent from the previous year and totaled $1.3 billion.[20] In recent years, the main buyers of Portuguese seafood products have been Spain, Italy, and France. Outside the EU, the United States is among the top buyers.

Section VII. Additional Information

For more information on exporting U.S. agricultural products to Portugal, please check the recently published reports below:

Report Number	Title	Date Released
PO2021-0005	Exporter Guide 2021	February 25, 2021
PO2021-0002	Portuguese Wine Exports Rise in 2020 Despite COVID-19 Challenges	January 29, 2021
PO2020-0006	Exports Continue to Fuel Expansion of the Portuguese Meat Sector	October 30, 2020
PO2019-0013	Retail Foods 2019	January 17, 2020

If you have any questions or comments regarding this report or need assistance exporting to Portugal, please contact the Office of Agricultural Affairs at AgLisbon@fas.usda.gov.

Attachments:

No Attachments.

[18] Source: https://acope.pt/noticias/441-portugal-e-noruega-assinam-acordo-para-bacalhau-sem-fosfatos.html
[19] Source: GPP 2019, available at http://www.gpp.pt/images/gam/1/agregados/EstruturaCIProduto.xlsx
[20] Source: INE 2020, Estatísticas da Pesca 2019, available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_publicacoes&PUBLICACOESpub_boui=435690295&PUBLICACOESmodo=2