

The European and Swiss market for fish and seafood from Sri Lanka



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1 The European market for fish and seafood

1.1 European market requirements

The European Union is a big market for all kinds of fish & seafood. There are more than 500 million consumers, and a growing percentage of all food consumption consists of fish & seafood. A growing market attracts the attention of third countries, like Sri Lanka. A growing market also implicates more governmental involvement. There is need for more assurance that the fish & seafood is safe for consumption. There is need for more control on fraud, overfishing and mislabelling. And of course, also the fish & seafood sector must take part in improving the environment and social well-being worldwide. That is why the European Union is increasing the number of requirements for import from third countries.

There are two main categories of requirements:

- Mandatory requirements
- Additional requirements

In this chapter it is explained what a Sri Lankan exporter needs to comply with if he/she wants to access the demanding but profitable European market. Please visit also the link of the [EU Trade Helpdesk](#).

1.2 Mandatory requirements for fish and seafood

If a Sri Lankan exporter wants to sell to the European Union or Switzerland, he/she will have to comply with the mandatory requirements. If not, there is no way of starting business. Most of these mandatory requirements are directed by the European Union towards the authorities in origin, Sri Lanka in this case.

1.2.1 *European authorities need to give permission to Sri Lanka and processing facilities*

As a matter of fact, authorities in Sri Lanka work like a barrier for the European Union and Switzerland. If local authorities do not accept a Sri Lankan exporter to export, the EU does not get involved, avoiding problems at the EU border.

Firstly, a country must be accredited by the European Union. The country needs to have regulations and capacity in place to ensure that the fish & seafood produced in that country will meet EU food safety requirements and pose no threat to European consumers. Knowing that Sri Lanka is already exporting to the EU, it is clear that Sri Lanka has already passed this stage. The [Department of Fishery](#) (link) of Sri Lanka can inform more in detail.

In second place, the company in Sri Lanka must be accredited by the Sri Lankan authorities, not by the EU. The competent authority, the Department of Fishery, is responsible for keeping the list of EU approved companies up to date. If any changes occur, they need to inform the EU accordingly via the Traces-NT system. See also this link to [DG Sante](#). The Department of Fishery of Sri Lanka will visit and audit the exporter to ensure that the EU regulations are met. A key requirement is the HACCP: Hazard Analysis of Critical Control Points. Also, traceability in place is of first importance.

Authorities in Sri Lanka are more or less 'responsible' for the exports from their country to the EU and Switzerland. If the EU receives tens of containers from Sri Lanka which do not comply with the quality standards and

requirements, Sri Lanka as a country has the risk of being stated on a red list by the EU, instead of only the exporter. Please see this link to the [Rapid Alert System for Food and Feed](#) (RASFF) of the EU. The consequences could be a thorough inspection of each container arriving at the EU border (each day of inspection costs USD 350,00 at least which the importer will pass on to the exporter) or even a total import ban for fish & seafood from Sri Lanka.

Each couple of years, the EU will visit the Department of Fishery to see if all systems are still in place according to the actual standards. They even might be visiting some companies of the list of EU approved establishments. At random, that is, just one day before they will say which exporter(s) to visit. The inability of visiting, or not fully cooperating during the visit, would implicate a doubtful recommendation on the final audit report. It might even result in putting the entire fish & seafood country on the EU red list.

As Sri Lanka is already exporting to the EU, it is supposed that the Department of Fishery of Sri Lanka is aware of this mandatory requirement. The exporter can consult [them](#) (link) if necessary.

1.2.2 Limits on residue levels

The European Union is very strict on Maximum Residue Levels (MRL) for contaminants as this is an important food safety aspect. Depending on the species and if it comes from wild-caught fishing or aquaculture, different regulatory documents determine the allowed Maximum Residue Levels. With every shipment of fish & seafood, the exporter must present a health certificate issued by an accredited independent and approved laboratory.

One of the EU regulations states that a processing plant needs to have a system in place which ensures that the raw material which enters the processing plant is according to EU standards and is not already contaminated. The exporter must prove that the products have been handled with care by maintaining a proper cold chain and hygienic storage facilities. The exporter is responsible for a possible rejection of a container by part of the authorities at the EU border.

The following EU regulations regarding maximum residue levels are in place:

- Regulation (EC) No. 470/2009 lays down the procedure for setting MRL's for residues of pharmacologically active substances in food of animal origin like antibiotics. See the complete list of substances and their MRL's in the annex to regulation (EC) No. 37/2010,
- Regulation (EC) No. 396/2005 establishes European Union MRL's for pesticides. They are laid down in various regulations and a publicly available database is maintained by the European Union,
- Regulation (EC) No. 1881/2006 lays down MRL's for specific environmental contaminants such as heavy metals, including mercury (specially to have in mind with reef fish),
- Some other substances classified as 'feed additives' in the European Union (coccidiostats and histomonostats) may also leave residues in food derived from animals reared on feed containing them. See the European Union Register of Feed Additives.

Not all types of residues are included. Sometimes, the focus on a particular residue changes, even in particular countries of destination. For example, Germany is extremely focused on chlorates, scared for the eventual harmful effects on human consumption. Some exporting companies do not have clean water and use chlorates to treat the water before entering in the processing plant. Other EU countries never control the levels of chlorates. This fact makes clear that although it is the European Union, several EU countries still apply their own

specific regulations. The exporter or at least their forwarding agent should be aware of the actual regulation in their country of destination. Not being allowed to use chlorates can be crucial for some companies in origin.

Chlorates is just one example; another is the use of antibiotics. It is foreseen that EU regulation concerning MRL's will change regularly in future. The authority in Sri Lanka must keep informed about whatever change.

1.2.3 Labelling must be according to European and/or Swiss regulations

Both outer (master) boxes and inner (retail) boxes need to have a clearly readable label indicating several aspects. European customs love to check if all details are mentioned. If missing just one element, it can be reason to reject the container. The responsible controller in charge will decide if the container must be shipped back to origin, to destroy the product (in case of fresh fish principally) or if the importer has to repack and/or relabel all boxes.

These costs can be forwarded to the exporter. Therefore, to avoid any misunderstandings in a later stage, it is advisable to let the importer check the labels before labelling the goods in origin. His confirmation should be received on mail.

Labelling of the outer (master) box must contain:

- the name of the product, including the [commercial and the scientific](#) (Latin) names,
- list of ingredients, including additives like water, salt, sulphites and E-numbers for example,
- production method (wild or farmed),
- origin (Sri Lanka in this case),
- net weight,
- date of minimum durability ('best before date dd-mm-yyyy'),
- name and address of the exporter including European Union approval number,
- name and address of the importer including his registration number,
- a lot number (which must be equal to the number indicated on the other documents like invoice, packing list, health certificate, etc)

Labelling of the inner (retail) box must contain:

- list of ingredients, including additives like water, salt, sulphites and E-numbers for example,
- quantity of ingredients (as a % of the total net weight),
- net weight (that means, without glazing),
- name and address of the business (importer),
- country of origin (Sri Lanka),
- instructions for use, like 'defrost the product before cooking',
- nutritional values (proteins, fat, salt, etc),
- if so, 'packed in protective atmosphere',
- date of first freezing,
- if processed, explanation of basis of processing,

Although it is the European Union, some countries apply different standards or interpretations of the official regulation. If there are any doubts, please check the [regulation](#) of the European Union. Switzerland uses the same label requirements.

1.2.4 The exporter must prove that the fish comes from legal sources

The European Union has the aim to prevent, deter and eliminate illegal, unreported and unregulated ([IUU](#)) fishing. According to the European Union, IUU fishing is any fishing in forbidden areas, uses illegal methods or goes unreported. IUU fishing harms the sustainable management of global and local fish stocks and creates unfair competition against those who fish legally and responsibly.

The European Union requires the exporter to prove that the exported fish and seafood do not come from IUU fisheries. Wild-caught fish shipments must be accompanied by a catch certificate issued by the Sri Lankan Department of Fishery. This catch certificate must contain all details mentioned in this [link](#). The wild fish and seafood can only be caught or purchased from vessels which are registered and licensed by the competent authorities in Sri Lanka.

The European Union is committed to increase the efforts to sustain the health of the oceans, which is reflected in the pressure that EU authorities put on developing countries to comply with the IUU regulation. Countries like Thailand and Vietnam have already received a 'yellow' card by the EU that requires the countries to take measures on improving their controls on IUU fishing. If no action is being undertaken, a red card would implicate an export ban for the entire fish and seafood sector of these countries.

1.2.5 Guarantee of origin

An import duty is an important part of the cost price of a product. If the importer buys a product from a country which is underpinned by an import duty of for example 12%, the cost price consequently is 12% higher than if the country of origin is benefitting from reduced or even removed import duties. A country of origin which is listed as 'Standard GSP', 'GSP+' or 'EBA' (Everything But Arms) on the European [Generalised Scheme of Preferences](#) (GSP) may have a benefit compared to countries which are not listed. Sri Lanka is on the GSP+ list. Other countries can be found here.

The exporter must prove that the goods he/she wants to export originates from the specific country. The fact must be registered in the European Union's REX system: [Registered Exporter System](#). To get registered the exporter must fill in an application of the country's competent authority. The authority will register the company in the REX system after which a REX number is created. With this number the exporter can make arrangements for shipments as for example issuing the necessary Certificate of Origin. The REX number must be shown on the invoice and packing list of the corresponding shipment. If not, the importer will have to pay the corresponding import duties to the local authorities.

In Sri Lanka, the [Department of Commerce](#) of the Chamber of Commerce is responsible for issuing the Certificate of Origin under all GSP schemes, Free Trade Agreements and Multi-lateral Trading Agreements.

1.2.6 Traceability

European consumers, and consequently the supermarkets, want to know where the fish & seafood on their table is coming from. They require traceability. This traceability can mean that an exporter should be able to indicate the pond a shrimp came from, or to mention the name of the fisherman who caught that specific fish. It is specifically a documentary process from the larvae (shrimp) or day of fishing until the plate of the consumer. Each shrimp or each fish must have a (lot) number from day one until day of consumption. The documentary should be able to show this number all the way during the supply chain: during unloading, farming, harvesting, processing, packing, transport, unloading, distribution and retail selling.

There are two main reasons for European and Swiss supermarkets and authorities to require traceability:

1. to avoid fraud and illegal activities (overfishing, illegal fishing practises, tax evasion, etc)
2. to improve the supply chain. If a consumer has a complaint about a product, traceability increases the possibility to detect the origin of the problem.

Slowly, many European retailers are beginning to look beyond the traceability of consumer products themselves and also consider the ingredients needed to produce those consumer products. Think of the use of fish-meal and oil. In other words, next to giving a number to a shrimp larva, it will also be necessary to indicate what (and from which feed supplier) and how much that specific shrimp ate when growing. In principle, traceability is not hard to implement. It is mainly a documentary process and the discipline to follow a number during the entire supply chain.

Some western countries are trying to implement blockchain technology and DNA traceback in the fish & seafood sector in order to improve traceability. As long as these technologies are not fully operational and accepted in developed countries like Norway, Canada and USA, it is far too early to speak about it in developing countries, like Sri Lanka.

1.2.7 Other necessary documents

Beside the above-mentioned health certificate, catch certificate (wild-caught fish) and certificate of origin, the exporter needs to present a commercial invoice and a packing list of the goods exported.

The invoice mentions details as:

- date and number of invoice
- name, address and REX number of the exporter
- name, address and VAT number of the importer
- a detailed list of products shipped (name, scientific name, number of boxes, number of kilos per box, total number of kilos, price per kilo, total price, etc)
- total gross weight
- total net weight
- total amount to be paid by the importer
- payment condition

It is possible that a specific EU country needs other information on the commercial invoice. Spain for example needs the number of not-recycled plastic on the invoice. But the importer will inform the exporter normally before.

The packing list mentions details as:

- date and number of packing list
- name, address and REX number of the exporter
- name, address and VAT number of the importer
- a detailed list of products shipped (name, scientific name, number of boxes, number of kilos per box, total number of kilos, etc)
- total gross weight
- total net weight
- lot number(s)

It might be possible that the importer needs other documents like an insurance policy, an analysis of heavy metals (MRL's, especially for reef fish species), a logbook of temperature during transport or even a document issued by the local police in Sri Lanka stating that the container has been checked on the presence of drugs. The exporter should inform the importer before shipping but asking these details beforehand is a prove of active involvement in the business.

1.2.8 Documents for export to Switzerland

Exports from Sri Lanka directly to Switzerland follow the same rules as for the rest of the EU. The Swiss importer pays the possible import duties to Swiss Customs. If the product comes from within the EU, and has not been dispatched yet by EU Customs, the product is 'in transit' and free to be exported to Switzerland. The importer pays the Swiss import duties only.

However, if the Sri Lankan product comes from within the EU, has been dispatched by EU Customs (and the EU importer paid the EU import duties), and the product is exported to Switzerland, the Swiss importer again has to pay the import duties to Swiss Customs. So, there is a double import duty to be paid which makes the product very expensive. In this case, the EU exporter needs to add a Single Administrative Document ([SAD](#)) to show Swiss Customs the origin of the product.

1.2.9 Strict border controls

When the product arrives at an official EU Border Inspection Post (for example the port of Valencia, Rotterdam or the Airport of Amsterdam), it can be inspected by an approved veterinarian of the European Union in that destination. The chance of being inspected is different between EU countries. Spain and Italy inspect almost all shipments while the Netherlands and Belgium barely make any physical inspection of the goods. However, while Spain and Italy focussed on documentary and labelling (Health Certificate, REX number, lot numbers, invoice, etc), the Netherlands and Germany focus on the physical aspects of the product: sizes, chemical treatments, glazing, temperature, etc. Consequently, an inspection in the Netherlands or Germany can take much more time, as samples are sent to official laboratories, with the demurrage costs of Euro 350 per day for the importer. To give an example, according to Dutch importer Mooijer Vishandel BV, customs clearing of a container from India costs about 3 weeks and about Euro 3.250,00 per container.

If the goods do not comply with the EU standards and regulations, there are several options to be decided upon by the EU Border Inspection Post:

- there is need for new documents (Health Certificate, Certificate of Origin, Invoice.)
- there is need for a new label on all boxes. The importer can relabel the goods at the customs premises, in transit, before letting the goods free.
- if the goods are not according to the declarations on the documents (sizes, glazing, chemical treatments.) or not suitable for human consumption, the shipment can be destroyed entirely or has to be reshipped to another (not-European) destination within 60 days. A company like Hoogendijk BV from the Netherlands is specialised in finding trade solutions for rejected containers.

As non-conformity can lead to serious costs and a possible detriment of the commercial relation between exporter and importer, it is advisable to (let) check all documents and labels before shipment from origin.

1.3 Additional requirements and certifications buyers ask for in the fish and seafood sector

If a company does not comply with the mandatory requirements, there is no export to the European Union or Switzerland possible. The goods would not pass EU Customs. There are also additional requirements imposed by the customers. Not complying with additional requirements, export to very low demanding customers is still possible. But if an exporter wants to sell to higher demanding customers, which usually pay more, he/she should meet these additional requirements.

1.3.1 Food Safety Certification

During an introduction business meeting, the first thing a European or Swiss importer will ask is whether the exporter is in the possession of a Food Safety Certification. Such a certification gives the importer the guarantee that the products have been packed and processed under strict food safety standards. It allows the importer to give a trial order to the exporter before even visiting the processing plant in Sri Lanka personally.

At European level, the most accepted food safety certifications are:

- [British Retail Consortium](#) (BRC)
- [International Featured Standards](#) (IFS)

There are lots of other food safety standards. European importers accept these BRC and/or IFS certifications but for sure the importer will inform the Sri Lankan exporter accordingly. It might be possible that the exporter wants to do a personal audit at the processing plant according to his own standards. Denying such audit, not showing every corner of the factory or not fully cooperating will be taken as a sign of mistrust.

It is important to mention that national (Sri Lankan) certifications will probably not be accepted by the importer. Moreover, a HACCP certification has actually no value.

A last remark upon Food Safety Certifications: it is considered that the process and theoretical implementation of the standards is not complicated. Many points are just 'logical' standards like putting a fire extinguisher in some places, having a medical kit in the processing plant (without a lock on it), stowing knives in a safe place, chemicals stowed in a secured place, daily cleaning, 'exit' signs everywhere, etc. However, many certified companies say that the employees are the most difficult part. On all levels it is necessary to maintain discipline all day during all days. A manager who enters the processing plant in normal clothes without washing hands and cleaning shoes, 'just to say quickly something to Mr. X', is already breaking the Food Safety protocol for the company. Or a wedding ring in a pocket of the man cutting the fish, or the lady who does not feel good but has to work to have the salary coming in...

1.3.2 Sustainability certification

Food safety first, but the European consumer also wants to know if the product he/she is eating is coming from sustainable sources. Overfishing, climate change, waste and water management are aspects of great importance nowadays. Consequently, the importer is obliged to follow the line of sustainability at the source, Sri Lanka in this case. He wants to be sure that the fish & seafood Sri Lanka wants to sell him is not having a negative impact on the fishing grounds and environment. Here there is a distinction between aquaculture and wild-caught fishery:

Regarding aquaculture (farm), it is common to certify individually or in a group of companies. It is necessary to implement a long list of measures going from documentary processes, via (simple) laboratory tasks, to water management. The most accepted sustainability certifications for aquaculture are:

- [Aquaculture Stewardship Council](#) (ASC)
- [Best Aquaculture Practices](#) (BAP)
- [GLOBALG.A.P](#)

Sustainability certifications for fisheries are more complicated as it is necessary to certify a certain product, which also other companies are fishing. Individually, per company, is almost impossible to certify. Sri Lankan authorities should be the leader to start implementation nationwide after which companies can join the project. It usually starts with a Fishery Improvement Project: FIP. This project focusses on one or two fish species. It can be grouper, snapper, tuna, crab, etc. For 6-7 years, a group of specialists investigate the biomass, the migration flow, the reproduction capacity, the environment, the progress of fish population, etc. Finishing the FIP study, with favourable results, the local authorities can apply for a sustainability certification which can be adhered by the companies:

- [Marine Stewardship Council](#) (MSC)
- [Best Seafood Practises](#) (BSP) (although there is a strong preference for MSC)

There are lots of other less known sustainability certifications. An exporter cannot have them all. To streamline the issue of certifications, there are initiatives trying to gather all certifications into just one international standard for sustainability. For more information, you can visit the [Global Sustainable Seafood Initiative](#) (GSSI). The importer will inform the exporter which certification is preferred in his market.

1.3.3 Social Responsibility certification

Next to food safety and environmental sustainability, a European consumer is also concerned about the well-being of the people involved in the process of getting the fish & seafood at his/her table. Although Food Safety certifications like BRC and IFS already contain lots of aspects regarding Corporate Social Responsibility (CSR), major European supermarkets start to insist on their suppliers to buy principally from companies with a certification.

The main CSR certifications are [Social Accountability International's](#) (SAI) SA8000 Standard and the [Business Social Compliance Initiatives](#) (BSCI). It is recommended to see the links for more information. As Food Safety and Sustainability certifications, CSR certifications are expensive. Costs which the buyers will not compensate financially in a direct way. But it is an aspect for the future. Food Safety is already a mainstream obligation, Sustainability very close to that level, and CSR for the coming 5-7 years. The earlier an exporter starts with the processes of getting certified, the more possibilities it will have to reach higher level European customers.

1.3.4 The European Green Deal

The European Green Deal (EGD) is the European Union's response to the global climate emergency. EGD policies will likely impact trade within and imports to the EU, and environmental and sustainability standards may become stricter at a later stage. This will mean more requirements for businesses from developing countries that export to the EU. The EGD aims for ambitious GHG emissions reductions by 2030 and climate neutrality in 2050. But to achieve those goals, it is necessary to act much earlier. Some policies that will likely affect your business were already introduced in 2020, and more policies will be announced in the coming two years.

The European Green Deal aspires to create equitable, healthy, and ecologically sustainable food systems. It is built around the [Farm-to-Fork](#) strategy (link). The policy puts a strong emphasis on preventing food loss and waste, as well as on sustainable food production, processing and distribution. It means that regulations governing the harvesting, processing and distribution of the products in Europe will become stricter over time. In terms of sustainable consumption, there are already concrete plans to require origin information for certain products, setting minimum mandatory criteria for sustainable food procurement and a proposal for a sustainable food labelling framework.

As usual, new policies are costing money to producers, importers and consequently consumers. As an example, from 1 January 2023, Spanish regulation states that the invoice of export needs to mention the number of kilos of not-recycled plastic that has been used for that specific lot in that container. Think of the plastic used in an inner box, or the plastic of the gel packs. At the end of the year, the Spanish importer has to pay an extra tax of Euro 0,45 per kilo of plastic 'imported' during that year. So, if a container of shrimp has 150 kilos of plastic, it costs the importer Euro 67,50. It seems not much, but importing 250 container per year results in an important amount of money, money that the importer in one way or the other will have to pass on to their suppliers or customers.

1.4 Trade relations between Sri Lanka and Europe

Sri Lanka is part of the EU Scheme for Preference Plus (GSP+) and this allows Sri Lankan companies better access to European markets by removing tariff barriers. This agreement is based on Sri Lanka delivering better jobs and contributing to sustained human development efforts. The aim of this agreement is also to contribute to diversifying exports as well as attract new investment opportunities for Sri Lankan companies.

The EU's support to the Sri Lankan economy focuses on providing technical assistance but this has now evolved to supporting the government in regulatory reform and helping local companies become more competitive. Going forward, the EU aims to support the Sri Lankan economy in green economic development and hopes to continue supporting local efforts to more peaceful and inclusive development.

Nevertheless, to protect the European consumers, the EU will continue to hold Sri Lanka responsible for the food safety of the exported products. As mentioned above under the 'mandatory requirements', all exporting countries towards the EU are monitored via the [Rapid Alert System for Food and Feed](#) (link to RASFF). All containers coming from Sri Lanka will be controlled according to the EU food standards and protocols.

The standard of living in Sri Lanka cannot be compared with the European Union or Switzerland. Nor the commercial attitude, nor the cultural behaviours, nor the personal business approach.

It is advisable to learn about the differences before starting a business relation. As an example, Indian seafood companies are very focussed on the first shipment (short term benefit). European companies are focussed on the 20th shipment (long term benefit). Vietnamese companies send offerings to whatever European seafood company they find in the Yellow Pages. European companies select and approach each supplier carefully, doing their homework thoroughly before contacting a possible supplier.

Getting to know European commercial behaviour takes time and experience. A Sri Lankan exporter could boost this knowledge by visiting customers personally (to listen a lot and to speak barely) and to visit trade fairs in Europe like the Seafood Global Expo in Barcelona Spain, Fish International in Bremen Germany or Conxemar in

Vigo Spain. Staying one full day at a trade fair gives a good impression of what Europe asks from overseas suppliers.

1.5 Which trends offer opportunities or pose threats to EU and Swiss fish and seafood market?

While 15-20 years ago, the sector was mainly a commodity trade (bulk boxes of 10-20 kilos), nowadays the sector is modernized and much more focussed on end-consumer's needs. Moreover, logistically, the sector has opened to global trade. Fish and seafood products can be at the other end of the world within 1-2 days.

1.5.1 Certifications

As mentioned above under the Additional Requirements, food safety, sustainability and social responsibility certifications are each time more and more important.

A Food Safety certification like BRC or IFS can be quite expensive, depending on the level of 'food safety' the actual processing plant has. Apart from the internal implementation of lots of documentary processes, also (re-)construction of the processing plant may be necessary. Walls, surfaces, machinery, production flow, cold stores, air conditioning, etc might not comply with the requirements of these food safety standards. Hiring a food safety consultant during the process of implementation and the final document could cost about USD 6,000 easily. And most certifications must be renewed every 2-3 years. The importer will not pay more for the product with a certification, it can be the red line of doing business with the exporter or not.

Although, experience learns that having a certified processing plant makes the internal organisation much more efficient, enabling to spare costs at mid-long term for the company. While some exporters see Food Safety certifications as a threat for their business with the EU and Switzerland, others see it as an opportunity to gain market share.

A Sustainability certification is the next level which decides if a Sri Lankan exporter can do business with the EU or not. Some importers only want to hear the exporter explaining the ways of production, implementation of sustainability and water/waste management. They normally to visit the processing plant, farm, vessels, landing places, surroundings, etc to have an idea of what is going on exactly. However, a fast-growing number of importers want to have sustainability standards on paper. By an internationally known sustainability certification like [ASC](#), [BAP](#), [GLOBALGAP](#), [MSC](#) or [BSP](#). Specifically, importers who sell to European supermarkets are obliged to buy only from sustainability certified sources.

As with food safety certifications, a sustainability certification can cost quite some money and time to have the farm or fishery certified. If the importer demands these certifications, he is not going to pay more for the product. It just can be a red line of doing business or not. It is up to the exporter to see 'sustainability' as an opportunity or threat.

A Corporate Social Responsibility certification like [SAI](#) or [BSCI](#) is desired by demanding importers. If you have it, it will open lots of doors to European retailers. CSR mainly focuses on the people involved in the processing at origin. However, also your suppliers (like fishermen or feed mills) must be monitored to obtain such a certification. It relates to the rights, health and income of the direct and indirect employees. You can think of separated bathrooms, decent salary, holidays breaks, social and health security advantages, a formal labour contract, etc. Red lines are for example slavery, human trafficking, child labour, discrimination based on sex or race, excess of working hours, absence of maternity leaves, etc. Especially in developing countries it is very

complicated to obtain a CSR certification due to living standards and cultures which cannot be compared with modern European standards. However, having a CSR certification gives the exporter a big advantage upon the many competitors which do not have such a certification.

TIP: The European market is becoming more demanding and competition from overseas (Bangladesh, India, Vietnam, Myanmar, etc) is severe. It is highly advisable to focus on the implementation of standards of (in this order) Food Safety, Sustainability and Social Responsibility to gain or maintain market access. Getting certified takes a couple of years so starting early gives a commercial advantage.

1.5.2 Organic seafood

The market for organic seafood is slowly growing, although much slower than markets for other types of organic foods like vegetables and fruit. More people want to eat healthier and based on natural processes instead of 'preserved' or 'manufactured' food. But there is still a lot of misunderstandings about what 'organic' means. That is why the European Union is creating new regulations.

To be considered 'organic', the EU says that the fish & seafood needs to be certified according to the EU Organic Regulation. This regulation forbids the use of synthetic fertilizers, pesticides, radiation, sewage sludges, and items created through genetic engineering. Moreover, organic seafood always needs to be a native species to the place where it is produced.

Many European companies tried to introduce organic fish & seafood to the market. Most of them say that the efforts and costs do not hold up on the advantages of sales. A company like Delfin Ultracongelados from Spain for example, after introduction about 6 years ago, they now sell about 10 tons per year of organic shrimps to retailer Carrefour. Meanwhile, they sell 10 tons of 'normal' shrimp per day.

TIP: It is advisable to focus on sustainability and social (certifications) rather than organic.

1.5.3 Value added

Due to the Covid lockdowns, people had to eat at home. Restaurants were closed in the major part of Europe. Consequently, consumers wanted to have 'read-to-cook' prepacked meals. An example is a frozen fish fillet already with herbs and sauce in a plastic microwave tray. As these kinds of meals are complicated to produce in a proper way, it is better to evaluate your own production possibilities first, instead of getting into this trend. Moreover, 'value added' depends a lot on the product offered. Some products need it, others don't. Please read further in the specific product-market reports.

TIP: the producers of 'value-added' products, need raw material. It is advisable to search for those producers like for example Costa Meeresspezialitäten GmbH from Germany.

1.5.4 Mislabelling creates unfair competition

Every company wants to buy their fish and seafood of the best quality and as cheap as possible. While this is accepted by all market players, it is not acceptable when exporters or importers willingly change the rules of trade by mislabelling their products. On the label they do not specify what exactly is in the box or bag or they change the percentages of the ingredients.

There are two main aspects which are important:

- Glazing. When the label of a 1000gr bag (800gr product, 200gr water) says that there is 10% of glazing (water), the producer is lying. The difference of 10% of glazing for the cost price is big enough to do a business or not. But it is forbidden by European law. The label must declare exactly the ingredients and its percentages.
- Phosphates. This chemical treatment increases the moisture (=water) content of the product. Instead of a 100gr 'natural' fish fillet, you can obtain a 125gr 'treated' fillet. 25% difference is very big, imagine the cost price per kilo. The additives used for this treatment (water, salt, and food additives) must be declared on the label. If not, the producer is not complying with the European law.

Mislabelling can be a reason to reject a container at arrival at the EU borders. The authorities will take a sample and if for example the use of undeclared phosphates is proven, the problem is for the exporter.

TIP: Sometimes the importer asks the exporter to declare not the true ingredients on the label. In case of a control at EU border and mislabelling is detected, the exporter is responsible, not the importer. Never accept these requests of importers, including if it means no business.

1.5.5 Trends in Switzerland

Europeans consider Switzerland a European country. Cultural habits are more or less the same as in the rest of Europe. Also, culinary habits, although Switzerland has a higher living standard than most other European countries. The trends mentioned above are also valid in Switzerland. Maybe the only difference is that in Switzerland, the more expensive seafood products have a better market. Think of wild-caught reef fishes and scampi.

2 Wild scampi for the Netherlands and Belgium

2.1 Trade

The main fish and seafood consuming countries in the EU are Spain, Portugal and Italy. These countries also have a strong fishing fleet in the Mediterranean Sea and the Atlantic Ocean. Some companies even have licenses or direct investments in vessels fishing in West and East Africa. On the hand, the Netherlands and Belgium are not the biggest consumers of fish and seafood and they do not have own vessels catching scampi. However, these countries do appreciate the good quality of big size wild caught and farmed shrimps. And they are willing to pay the relatively high prices for these kinds of shrimps.

Moreover, the Netherlands and Belgium can act like a hub. They import the scampi but re-export it directly to other European and non-European countries. A certain lot of scampi imported by a Belgium company like Hot-tlet for example, can end up in markets in Switzerland, Portugal, France, Germany or even the Middle East. With daily European arrivals and departures of trucks (full loads or groupage), internal logistics are quite easy to manage.

In short, Sri Lankan companies supplying *Macrobrachium rosenbergii* should focus on importers in the Netherlands and Belgium who re-export the product to other European countries.

The commercial name 'Scampi' is used in different European countries, among others Belgium and the Netherlands. But some importers could name it shrimp, prawn, camarón, or gamba. To avoid misunderstanding it would be better to use the scientific name *Macrobrachium rosenbergii* during trade. Please revert to the [link](#) of the EU for the commercial and scientific names of fish and shrimps.

Macrobrachium rosenbergii has its own Harmonised System code: HS03063623 'Giant River prawns'. However, Trademap classifies trade volumes under the more generalised statistics of HS030636: 'Shrimps and prawns, whether in shell or not, live, fresh or chilled (excl. cold-water shrimps and prawns)'. This makes an official overview of trade statistics complicated but the next chapter 'Consumption', provides some estimations about the actual imported volumes of *Macrobrachium rosenbergii* and trends.

2.2 Competition

Regarding scampi there are two types of competition: competition from suppliers outside Europe and alternative products. Local competition is absent. There are no big size shrimps available in the North Sea or the northern part of the Atlantic Ocean. These waters are too cold.

Although, it is possible that local fisheries supply alternatives to scampi. This is competition from alternative products. Think of all kinds of fish products but also of smaller size shrimp from colder waters. Consumers will not eat scampi every day and if this cold-water shrimp is for whatever reason much cheaper than *Macrobrachium rosenbergii*, it must be considered competition. Even meat or other food can be considered competition from alternative products.

As competition from alternative products cannot be influenced by Sri Lankan exporters, the main competition to focus on is competition from suppliers outside Europe. There are lots of warmer waters in the world and

competition is severe. One should not only think of competition from closer countries like India and Bangladesh, but also from the southeast Asian countries (Vietnam) and Africa (Senegal and Nigeria). All have their own specific types of big size scampi. Especially the wild-caught *Penaeus Monodon* is an important competitor for *Macrobrachium rosenbergii*, both wild-caught as farmed. Nevertheless, although it seems that there is a lot of scampi available from different origins, demand for big sizes of warm-water shrimp is still higher than the offer.

Competition is hard and keeps supply and demand in balance, but it also keeps the exporter aware of trends and requirements. As explained in the chapter about requirements for fish and seafood, Food Safety, Sustainability and Corporate Social Responsibility certifications (in this order) are of utmost importance. Not having certifications can be the difference of doing business with the EU and/or Switzerland or not. Look at the website of the [FIP](#) progress necessary to obtain a MSC certification. You can see which countries are already in such a process to guarantee sustainability of wild-caught scampi. If not started yet, Sri Lankan exporters together with the Export Development Board should contact FIP to initiate it as soon as possible.

TIP: Learn from your competition, look at websites of exporters from countries like India and Vietnam. Investigate which kind of certification they have and how their processing plant looks like.

2.3 Consumption

A Dutch company named Fishermans Choice is one of the biggest importers of *Macrobrachium rosenbergii* in Europe. They import it from Bangladesh. According to their purchase manager, they have an estimated market share of about 15% which means that there are several importers of this product. In 2022, an exceptional good year for the sector, they imported about 50 tons of this kind of scampi. A rough estimation would indicate that the EU imports about 250 tons of *Macrobrachium rosenbergii* per year.

Per year, Nigeria's fishing company Banarly Ltd exports to Europe more or less 400 tons of wild *Penaeus Monodon*, to be considered the major competitor for *Macrobrachium rosenbergii*. The other fishing company from Nigeria, Primstar, exports about 700 tons per year. Both companies could sell much more if supply would be more abundant. Demand is considerably bigger than supply.

According to the sales manager of Fishermans Choice, there is a steady growth in demand for scampi in the EU and Switzerland. Apart from the Covid19 years, the company increased volumes year by year. 'It seems that European consumers are spending more money on good quality food than some years before. They are willing to pay a lot of money for expensive seafood like scampi, shrimps, lobsters and exotic fish species. Unemployment is so low in Europe, and salaries increasing, so we expect good sales during the coming years', he says.

He foresees that this trend holds on the coming years if food safety can be guaranteed, and supply can be maintained sustainable. Consequently, Fishermans Choice BV confirms the trends mentioned in the sector report being:

2.3.1 Food Safety

Wild-caught shrimp is relatively expensive if you compare it with farmed shrimp or fish for example. That is why the additional requirements of a Dutch or Belgium importer are quite high. When contacting an importer, the first question will be whether the processing plant of the Sri Lankan exporter has certifications of Food Safety: [IFS](#) and/or [BRC](#). HACCP is not enough anymore.

Please check the chapter on buyer requirements for fish and seafood for more information about Food Safety certifications.

2.3.2 Sustainability

European consumers are very aware of problems of overfishing. Looking at the average fish counter of the major European supermarkets, almost all fish and seafood carries an [ASC](#) or [MSC](#) label. Although most wild-caught shrimps are not available under MSC label yet, it is important to be able to explain an importer what the exporter is doing to guarantee the sustainability.

A very important aspect of wild-caught shrimp is the illegal, unreported and unregulated fishing ([IUU](#)) prevention. Please check the chapter on buyer requirements for fish and seafood for more information about Sustainability certifications and the IUU.

2.3.3 Social Responsibility

Lots of supermarkets in the Netherlands, Belgium and other countries in the northern part of Europe, like Aldi or Lidl, start asking suppliers to inform them about the Corporate Social Responsibility standards of their suppliers, from Sri Lanka for example. Although it is still in an early stage, it is advisable to start implementing a CSR strategy in your company. While food safety is a minimum requirement, sustainability is also already very important, within the next 6-7 years a CSR certification will be a major requirement too.

Please check the chapter on buyer requirements for fish and seafood for more information about Social Responsibility certifications.

2.3.4 Grading and processing

As being explained in a next chapter under 'Trade structure and distribution channels', wild-caught scampi is mainly for the food service markets, such as restaurants. The demand in the retail segment is much lower. It is too expensive for supermarkets which prefer the cheaper farmed species. Seeing the ready-to-eat trends in the European Union and Switzerland, it would seem obvious that restaurants prefer to buy peeled (PD, PUD or EasyPeel) scampi but that is not directly the case.

Being a high quality wild-caught product, consumers prefer to see this kind of shrimps HOSO, which means Head-On Shell-On. There is no need to actively process the product unless the head or shell is damaged severely and it would be advisable to make it HLSO (Headless, Shell-On), PUD (Peeled Undeveined), PD (Peeled Deveined) or EasyPeel. Normally, 'value added' is more expensive with higher margins but as mentioned, HOSO is preferred in the food service segment.

Regarding size: the bigger, the more expensive, the more demand. Historically, Asian countries use the following grading:

U5	1-5 pieces per kilo net weight (very demanded but quite rare)
6-8	6-8 pieces per kilo net weight (demanded and available)
8-12	8-12 pieces per kilo net weight (less demanded and available)

African countries, mainly focussed on wild-caught *Penaeus Monodon*, use another grading:

- 2-4: 2 to 4 pieces per kilo net weight (very demanded but quite rare)
- 4-6: 4 to 6 pieces per kilo net weight (very demanded and limited availability)
- 6-8: 6 to 8 pieces per kilo net weight (demanded and limited availability)
- 8-10: 8 to 10 pieces per kilo net weight (not so much demanded and plenty available)
- 10-15: 10 to 15 pieces per kilo net weight (demanded and plenty available)
- 16-20: 16 to 20 pieces per kilo net weight (not so much demanded and quite rare)
- 20-30: 20 to 30 pieces per kilo net weight (rarely demanded and low availability)

The importer should inform the exporter about his preferences. As everybody wants to have the biggest sizes, it is common to oblige importers to buy also a part of smaller sizes.



Figure 1 Picture: *Penaeus Monodon*, Nigeria, wild, 4-6 pieces per kilo

2.4 Trade structure and distribution channels

To reach the end consumer, there are two segments to have in mind: retailers and food service providers. In the following figure, the most interesting segments are coloured darker. The less interesting segments are lighter of colour.

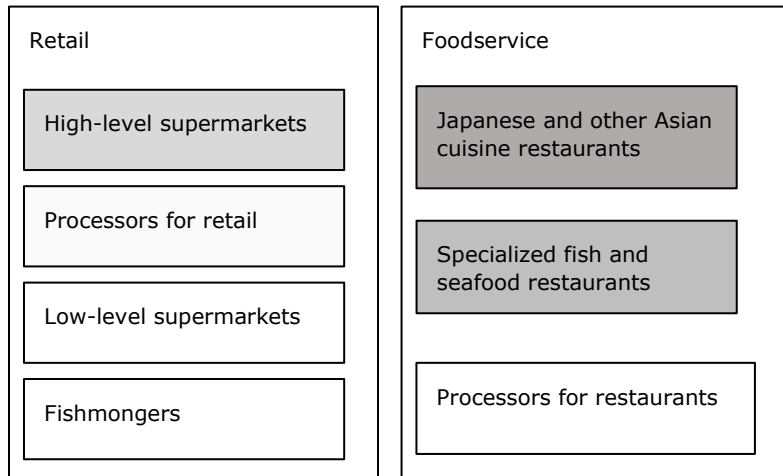


Figure 2 Retailers and foodservices in the wild scampi sector

This figure shows that most wild-caught scampi ends up in Asian and specialised fish restaurants. Due to the high food safety and sustainability standards of the retail segment, lots of supermarkets only allow ASC/MSC certified products in their stores. The food service sector also prefers sustainable products but is not requiring 100% certification. Moreover, as supermarkets target their business at a broad group of consumers, for most of them wild-caught shrimps are too expensive. They prefer the highly demanded and relatively cheap farmed shrimp. Food service providers target the niche market of 'wealthier' consumers.

The following figure shows how wild-caught scampi reaches the two main market segments.

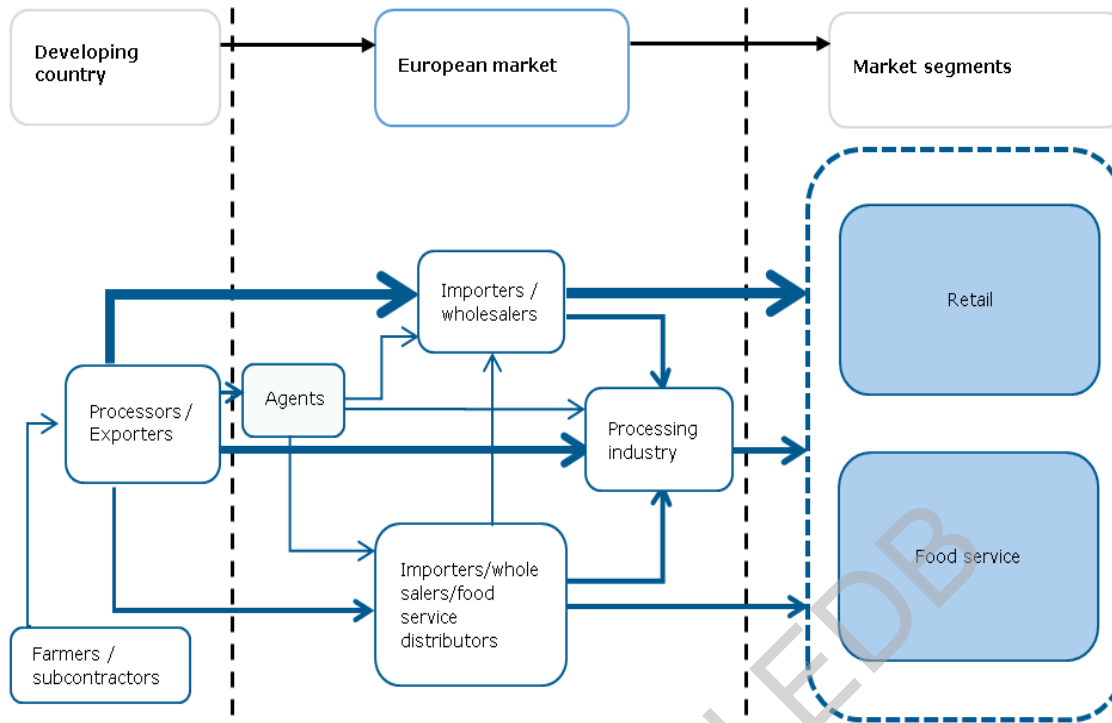


Figure 3 Trade structure in the wild scampi sector

As you can see, most scampi reaches food service providers and retailers through European intermediaries. The food service providers and retailers usually buy their shrimps from importers and wholesalers. Some are specialized in sales to the retail segment, others in the foodservice segment. In other words, a Sri Lankan exporter should focus on those importers. Even better, find out who are the customers of the importer. During the Covid lockdowns the food service channel was hit very hard, apart from some home delivery services. But the retail did just fine, even better than before the epidemic. This showed that the best performing importer over the long-term is the one which has diversified and sells both to retail and to foodservice.

The processing industry is using fish and seafood as raw material to make soups or pizzas for example. They normally use the cheaper species like farmed *Penaeus Vannamei*. *Macrobranchium rosenbergii* is too expensive for this segment.

2.4.1 Logistics

From Sri Lanka there are several shipping companies able to send reefer (refrigerated) containers to the European Union. Maersk, CMA-CGM and MSC are well known worldwide. Sending containers to Switzerland is possible but usually the product is unloaded in a European main port, palletized and then sent to Switzerland by truck. Dutch and Belgium importers use several ports, having in mind the costs and the lead times. Popular ports are Rotterdam (the Netherlands), Antwerp (Belgium) and Hamburg (Germany). If sold directly to their clients, per container load, it is possible that the importer wants the container to be delivered in for example Marseille (France), Algeciras (Spain) or Livorno (Italy).

All these ports have a 'perishable' terminal where fresh and frozen vegetables, meat, fish, shrimps, etc can be kept under the right temperature. They have a lot of experience with frozen fish and seafood, and it is safe to

use these ports. The customer will tell the exporter which shipping company and port of destination to use. Some importers will even buy the scampi 'Free on Board', meaning that the importer takes care of all logistics from the port in Sri Lanka. Others will buy 'Cost and Freight', meaning that the exporter contacts and pays the shipping company.

The costs of sea freight can fluctuate a lot. It depends on aspects like availability of empty reefer containers, oil prices, general demand for freight of containers, etc. Nowadays a 40 feet reefer container can cost easily USD 8,000 from Sri Lanka to Rotterdam. Filling up a full container load with 20.000 kilos of wild-caught shrimps can take quite some time. Customers know that. It is normal that there are 3-4 months between signing the contract and loading the container on a vessel. If there is need for more time, due to a bad catching season for example, the exporter should inform the importer immediately.

2.5 Price and quality

Price is much less important than most exporters think, especially when it concerns expensive wild-caught scampi. Price depends a lot on the following factors, in this order:

- Availability and Food Safety (see below)
- Stable supply (at least one container per 3 months) and Sustainability
- Actual market conditions, including seasons like summertime or Christmas
- Competition of other origins and alternative products
- Personal contact (trust, proactivity, cooperation, etc) and Corporate Social Responsibility

Regarding food safety, a BRC and/or IFS standard guarantees the quality of the *Macrobrachium rosenbergii*. This certification assures that the scampi has been caught, controlled and processed/packed according to international Food Safety standards. Inspection at entry, cold chain, temperature control, residue levels, etc are just some aspects which are regulated within these certifications.

Regarding fishing methods, trawling is getting a bad name in the market. The use of baited traps is the way importers prefer. It does not harm the environment and in a lesser extend the scampi (compared to trawling). This has to do with Sustainability. Having a MSC certification definitely opens more possibilities in the European Union and Switzerland. This certification is necessary to reach the bigger supermarkets. Sri Lanka should start [FIP's](#) for the wild-catch sector as soon as possible for the main seafood species, including scampi.

Below is a price indication (mid-March 2023) for wild-caught scampi from Bangladesh, Cost & Freight Rotterdam by containerload of about 20.000 kilos (C&F means that the exporter pays the sea freight):

U5	1-5 pieces per kilo net weight	Euro 19.00 per kilo
6-8	6-8 pieces per kilo net weight	Euro 16.50 per kilo
8-12	8-12 pieces per kilo net weight	Euro 14.00 per kilo

Price indications for wild-caught *Penaeus Monodon*, the main competitor, from Nigeria are:

2-4:	2 to 4 pieces per kilo net weight	Euro 31.00 per kilo
4-6:	4 to 6 pieces per kilo net weight	Euro 29.00 per kilo
6-8:	6 to 8 pieces per kilo net weight	Euro 27.00 per kilo

8-10:	8 to 10 pieces per kilo net weight	Euro 24.00 per kilo
10-15:	10 to 15 pieces per kilo net weight	Euro 21.00 per kilo
16-20:	16 to 20 pieces per kilo net weight	Euro 17.00 per kilo
20-30:	20 to 30 pieces per kilo net weight	Euro 15.00 per kilo

These indications are just to give you an idea of international competition. As Sri Lanka is another origin, it is only to be used as a guidance. It is not possible to compare prices 1 on 1 from different origins. Also have in mind the five price factors mentioned above.

2.6 Opportunities

As there is still more demand than supply, there are plenty of opportunities for Sri Lankan exporters. Importers in Belgium and the Netherlands are always searching for new suppliers of big size wild-caught shrimps. They are willing to give exporters a chance to show their company and products. To take advantage of the opportunities, a Sri Lankan exporter should focus on the following:

2.6.1 Product

The most interesting product is the biggest size of the *Macrobrachium rosenbergii*: U5. As this size is less available than a 6-8, importers know that they need to take also smaller sizes to fill a container. It might be even necessary to add other kinds of shrimp or fish to make it up to 20.000 kilos per containerload. It is advisable to have good relations with reliable and good quality Sri Lankan suppliers of for example *Penaeus Vannamei* or farmed barracuda in order to combine shipments to one importer.

As wild-caught *Macrobrachium rosenbergii* is relatively expensive, the product must be freshly (quick-) frozen, whole (no broken parts), no coloured spots and no black heads. EU law accepts the use of sulphites to maintain the scampi in good condition during at least 24 months under -20°C. Being an ingredient, it is necessary to declare the sulphite on the label. Glazing is possible when the importer wants it (to be declared on the label also).

It is advisable to look at websites of the competition from for example Bangladesh, Nigeria and India. A Sri Lankan exporter will get an idea of what is required to have a product according to European standards. Control of cold chain, traceability and food safety are key aspects.

TIP: a BRC and/or IFS certification would definitely boost your possibilities in the Netherlands and Belgium.

2.6.2 Price

The price for *Macrobrachium rosenbergii* is relatively high but demand is still bigger than supply. This does not mean that price is unlimited. Above a certain level, depending on market conditions and availability, the customer could prefer *Penaeus Monodon* or other species of bigger size wild-caught shrimp. Or even a switch towards farmed scampi is possible. In other words, a Sri Lankan exporter must try to reach the highest profit margin while staying price competitive.

Bangladesh is one of the biggest competitors for Sri Lanka. Following their sales prices is a good strategy to be price competitive. It is important to keep production costs as low as possible. The implementation of a BRC or

IFS quality standard would increase the efficiency of the processing plant. The use of low consuming fishing vessels would decrease the costs per kilo of shrimps.

A full containerload of *Macrobranchium rosenbergii* is very expensive. As mentioned under 'Product', it is advisable to search for possibilities to combine a shipment of several suppliers to one importer.

TIP: try to have the payment term as short as possible: Cash Against Documents at sight. Moreover, never send a container and the original documents directly to a customer, unless they have paid in advance. Risk of not receiving payment is present, even for big known companies in the Netherlands and Belgium.

2.6.3 Place

It is very complicated to reach retailers and food service providers directly. A Sri Lankan exporter should focus on the importers and wholesalers who sell to those segments. The best importer is who sells to both retail and food service.

A regular supply is very helpful for the importer's planning of sales. Try to be able to ship a containerload every 3 months at least. Usually, the time between confirmation of the order and loading the container is about 2 months.

HOSO (Head-On Shell-On) is normally packed in (plastic coated) cartons of 2 kilo net weight. Being a box that could end up in a supermarket, it should be an attractive box showing the product and its specifications. A box with a transparent window would be ideal to give a real view of the product inside. It might be that the importer wants the product in his own private label. For logistical purposes, normally there are 6 or 8 boxes of 2 kilo in a master carton box.

2.6.4 Promotion

A Dutch or Belgian importer needs a very proactive and cooperative attitude by the Sri Lankan exporter. Competition is tough and does not stand still. Sending a generalized introduction mail to possible importers, hoping that they react, has no effect at all. Especially for an expensive product such as *Macrobranchium rosenbergii*, it is important to establish a personal relationship with the buyer based on trust and stability. A good sustainable product with a stable supply will do the rest to start up and, more important, to maintain a stable relationship for the long term.

TIP: instead of focussing on shipment number 1, work towards shipment number 20.

A great way to know the European market and its major players is to visit the [Seafood Exposition Global](#) in Barcelona Spain, every end of April. This business fair is by far the biggest and most important of the European fish & seafood sector. There are hundreds of Dutch and Belgium shrimp importers with a stand or visiting the fair. Take a look at the [exhibitors list](#), find the right companies (searching their website) and try to arrange a meeting.

Also, Sri Lanka use to have a stand on this fair. Just having a stand does not mean that all Dutch and Belgian seafood companies come to you. You have to look for them several weeks before the fair and arrange a meeting in your stand to show the possibilities.

To obtain more general information about the European seafood market, a Sri Lankan exporter could contact the Export Development Board, or the Embassy of Sri Lanka in the Netherlands or Belgium. Or they could visit (and subscribe to) online fish magazines like www.seafoodsource.com, www.eumofa.eu , or www.eurofish.dk.

2.6.5 Planet

Sustainability is key. Regarding fishing methods, trawling is getting a bad name in the market. Baited traps are the way importers prefer. It does not harm the environment and to a lesser extent the quality of the scampi (compared to trawling). Having a MSC certification definitely opens more possibilities in the European Union and Switzerland. They are necessary to reach the bigger supermarkets and in future the food service segment.

Sri Lanka should start [FIP](#)'s for the wild-catch sector as soon as possible in response to European concerns over sustainability. Able to say to an importer that Sri Lanka is participating in a FIP already gives a sign of confidence and proactivity towards the future.

2.6.6 People

For now, mainly the retail segment starts to demand CSR certifications of their suppliers. It is still not required in the food service segment. However, the trend is that within 6-7 years, CSR will be an important requirement. It is advisable to start implementing CSR in your company.

SIPPO and EDB

3 Fresh reef fish for the Netherlands and Germany

3.1 Trade

The Netherlands and Germany are not the biggest consumers of fresh fish & seafood in the European Union. Fish consumption in Spain and Italy is much higher for example. However, south European countries have a strong own fishing fleet for reef fish in the Mediterranean Sea and the Atlantic Ocean. Every supermarket in Spain has a large range of domestic snappers, groupers, seabass, etc. As this fish is coming directly from the vessels, logistics are much easier and have a lower cost. That is why it is advisable to focus on countries which do not have a fishing fleet for reef fish, like the Netherlands and Germany. These countries must import it.

This report does not provide official statistics, as reef fish do not have their own Harmonised System codes. They are all under the same HS code for 'fresh or chilled fish'. Moreover, there are lots of different subspecies. Snappers (Lutjanidae) comprise about 65 subspecies, Groupers (Epinephelinae) about 159 and Parrot fish (Scaridae) about 95. Some EU countries even have a different name for the same product. Please revert to the [link](#) of the EU mentioning the commercial and scientific names of the reef fishes.

In the next chapter 'Consumption', some estimations will be given about the actual imported volumes of fresh reef fish and its trends.

Overall import statistics for fish indicate that the Netherlands is one of Europe's main fresh fish importers. However, consumption of this fish takes place elsewhere. The Netherlands and Germany act like a hub. They import the fresh reef fish but re-export it directly to other countries inside and outside Europe. A certain lot of fresh fish imported by Open Seas BV for example, can end up in markets in Switzerland, Sweden, France, Bulgaria or even USA. European internal logistics make this trade possible, even for fresh fish.

In short, regarding fresh reef fish, Sri Lankan companies should focus on importers in the Netherlands and Germany who re-export the product to other European countries.

Regarding fresh reef fish there are three types of competition: overseas, local and alternative products.

3.2 Competition

Local competition means reef fish caught in the countries of destination. As the Netherlands and Germany can only catch fish in quite cold waters like the North Sea and the northern part of the Atlantic Ocean, there is no catch of reef fish which needs warmer waters.

Local fisheries supply alternatives to reef fish. This is competition from alternative products. Think of cod, sole, hake or other cold water fish species. Consumers will not eat fish every day and if this cold-water fish is for whatever reason much cheaper than fresh reef fish, it must be considered competition. The same can be said of frozen fish. If fresh reef fish is very expensive, consumers will buy the cheaper frozen fish, although considered lower in quality than fresh fish. Even meat or other food can be considered competition from alternatives.

As these 2 mentioned types of competition cannot be influenced by Sri Lankan exporters, the main competition to focus on is competition from overseas. As there are lots of warmer waters in the world, competition is

severe. One should not only think of competition from closer countries like India, Bangladesh, Seychelles or Maldives but also from the Far East (Indonesia), Africa (Senegal and Mauritania) and even Latin America (Mexico and the Caribbean countries). They all have their own specific types of reef fish. For example, there are tens of subspecies of snapper, and some countries have species never seen on the European continent. Nevertheless, although it seems that there is a lot of reef fish, demand is still higher than the offer.

Competition is hard and keeps supply and demand in balance, but it also keeps the exporter aware of trends and requirements. As explained in the sector report, Food Safety, Sustainability and Corporate Social Responsibility certifications (in this order) are of utmost importance. Not having certifications can be the difference of doing business with the EU and/or Switzerland or not. Look at the website of the [FIP](#) progress necessary to obtain a MSC certification. You can see which countries are already in such a process to guarantee sustainability of wild catch reef fish. If not started yet, Sri Lankan exporters together with the Export Development Board should contact FIP to initiate it as soon as possible.

TIP: Learn from your competition, look at websites of exporters from countries like Indonesia and Vietnam. Investigate which kind of certification they have and how their processing plant looks like.

3.3 Consumption

The Dutch company Open Seas is one of the biggest importers of fresh reef fish in Europe. They have an estimated market share of about 40%. Their main products are in this order tuna, snapper, grouper, mahi mahi and parrot fish. In 2022, an exceptional good year for the sector, they imported about 150 tons of fresh snapper, 90 tons of fresh grouper and 60 tons of fresh parrotfish. The EU imports roughly twice these quantities annually.

According to Open Seas, there is a steady growth in demand for fresh reef fish in the EU and Switzerland. Apart from the COVID pandemic years, the company increased volumes year by year. Sales manager of Open Seas: 'Consumers are consuming more and more fish in general, and increasingly willing to try new species, more exotic products like snappers and groupers'. Since 2005, when the company started, Open Seas have had a yearly increase in the volumes of reef fish of at least 15% annually.

Open Seas foresees that this trend holds on the coming years if food safety can be guaranteed, and supply can be maintained sustainable. Consumption of fresh reef fish is mainly influenced by trends related to food safety, environmental sustainability and social responsibility, as explained in the next sections.

3.3.1 Food Safety

Fresh reef fish is relatively expensive if you compare it with frozen tilapia or pangasius for example. That is why the additional requirements of a Dutch or German importer are quite high. When contacting an importer, the first aspect he/she will ask is whether the processing plant of the Sri Lankan exporter has certifications of food safety: [IFS](#) and/or [BRC](#). HACCP is not enough anymore.

Please check the report on sector level for more information about food safety certifications.

3.3.2 Environmental sustainability

European consumers are very aware of problems of overfishing. Looking at the fish counter of the major European supermarkets, almost all fish is sold according to an [ASC](#) or [MSC](#) standard. However, their product range is very limited to salmon, pangasius, tilapia and cod. These are the species for which it is relatively easy to obtain a sustainability certification. Consumers also want to eat more exotic species. They still accept that most reef fish are not available under MSC label yet. Nonetheless, it is important to be able to explain to an importer what you are doing to guarantee the sustainability of your fresh reef fish.

A very important aspect of fresh reef fish is the illegal, unreported and unregulated fishing ([IUU](#)) prevention. Please check the report on sector level for more information about Sustainability certifications and the IUU.

3.3.3 Social Responsibility

Lots of supermarkets in the Netherlands, Germany and other countries in the northern part of Europe, like Aldi or Lidl, start asking suppliers to inform them about the Corporate Social Responsibility standards of their suppliers, from Sri Lanka for example. Although it is still in an early stage, it is advisable to start implementing CSR in your company. While food safety is standard, and sustainability is very important, a CSR certification will be necessary within the next 6-7 years.

Please check the report on sector level for more information about Social Responsibility certifications.

3.3.4 Segments

As will be explained in a next chapter under 'Trade structure and distribution channels', fresh reef fish is mainly for food service markets. Demand in the retail segment is much lower. Seeing the ready-to-eat trends in the European Union and Switzerland, it would seem obvious that restaurants prefer to buy filleted reef fish but that is not directly the case. The frozen market (especially for the retail segment) does have a preference for fillets. Importers of fresh reef fish prefer whole gutted (the whole fish without the guts) or headed and gutted (the whole fish without the head and the guts) for the following reasons:

- Chefs want to show the fish to the public. A nice fresh whole red snapper catches the interest of a consumer.
- Dutch and German importers think that the exporter is not able to make the right fillet (a clean straight filleting is considered an art in the sector)
- Importers want to be flexible in terms of where they send the fish. As there are lots of fresh fish processing facilities in The Netherlands and German, the importer can always fillet the imported fish if a customer asks for it or sell the whole fish instead.

The grading of the fish depends on what fish it concerns. Big fishes are ideal for making equal portions or slices, smaller fishes (300 grams+) are ideal for putting one whole fish on a plate. The usual consumer portion is about 200 grams of clean fish (without bones, heads, tails, skin, etc). In short, it is difficult to give fixed figures on grading. However, normally speaking, the bigger the more 'impressive' and so the more expensive. A red snapper of 6 kilos is more expensive per kilo than one of 300 grams. The importer should inform the exporter about his preferences.

3.4 Trade structure and distribution channels

To reach the end consumer, there are two segments to have in mind: the retail and the food service. In the following figure, the most interesting segments are coloured darker. The less interesting are lighter of colour.

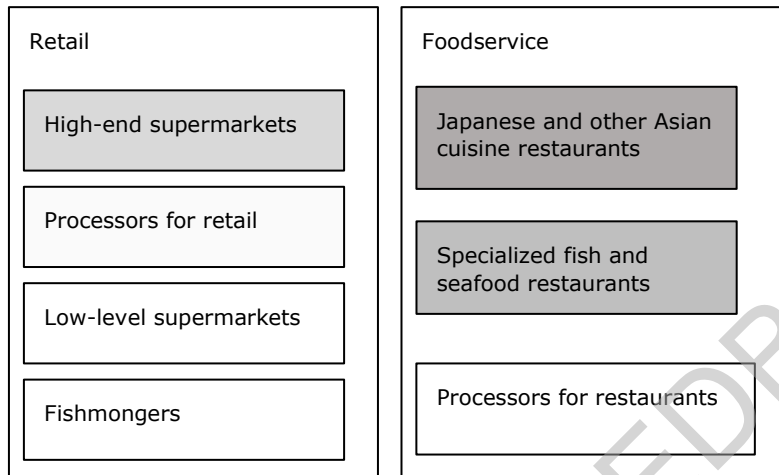


Figure 4 Retailers and foodservices in the fresh reef fish sector

Most fresh reef fish end up in Asian and specialised fish restaurants. Due to the high food safety and sustainability standards of the retail segment, lots of supermarkets do not allow products without ASC or MSC certificates in their stores. While the food service sector values sustainability, it is not requiring 100% certification.

The following figure shows how fresh reef fish reaches the two main market segments.

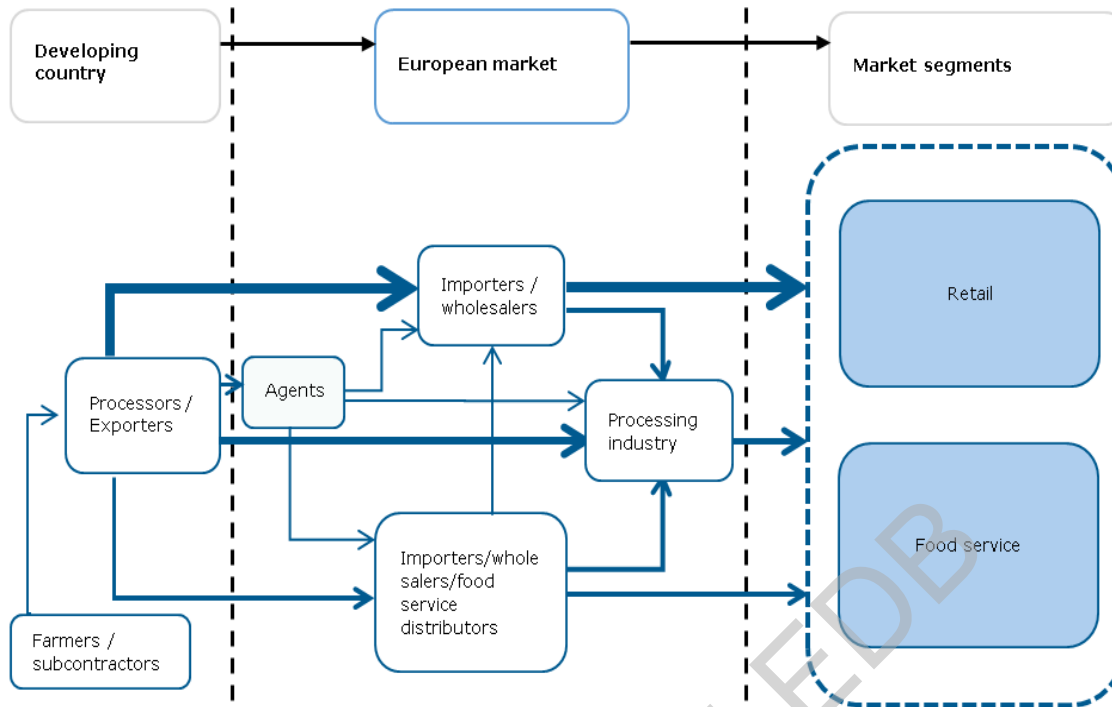


Figure 5 Trade structure in the fresh reef fish sector

As you can see, most reef fish reach food service providers and retailers through European intermediaries. The food service providers and retailers usually buy their fresh reef fish from importers and wholesalers. In other words, a Sri Lankan exporter should focus on those importers. Even better, find out who are the customers of the importer. During the Covid lockdowns the food service channel was hit very hard, apart from some home delivery services. But the retail did just fine, even better than before the epidemic. This showed that the best performing importer over the long-term is the one which has diversified and sells both to retail and to foodservice.

3.4.1 Logistics

From Sri Lanka there are several possibilities to send fresh fish to the European Union. Sending fish to Switzerland directly is not possible; it must go via another European main airport. Dutch and German importers use several airports, having in mind the costs and the times of arrival. Popular airports are Frankfurt (Germany), Amsterdam (The Netherlands) and Paris (France). Before Brexit, London was also an option, but many importers consider this route too complicated nowadays because of documentation requirements. Brussels (Belgium) is used when other destinations are not available.

All these airports have a 'perishable' terminal where fresh vegetables, meat, fish, flowers, etc can be kept under the right temperature. They have a lot of experience with fresh fish, so it is safe to use these airports. Main airlines going from Sri Lanka to these airports are Emirates, Qatar Airways and Turkish Airlines. The customer will tell the exporter which airliner and airport of destination to use. Some importers will even buy the fish 'Free on Board', meaning that the importer takes care of all logistics from the airport of origin. Others will buy 'Cost and Freight', meaning that the exporter contacts and pays the airliner.

A Dutch or German importer wants at least two weekly shipments of at least 500 kilos each, depending on the product. They deliver their customers on Sunday night and on Wednesday night. They need some time to transport the goods to destination so usually they prefer to have the fresh fish arriving at the airport on Saturday night and on Tuesday night. European logistics for fresh fish is 24/7.

TIP: A regular supply is much more important than price. In this way they can supply their customers on a regular basis without having to say 'no' every now and then. A restaurant needs to have the fish which is announced on the standard lunch-dinner card, always. When introducing your company to an importer, instead of speaking about price, start assuring him/her that you can deliver (if that is the case, be honest) at least two times a week.

3.5 Price and quality

Price is much less important than most exporters think, especially when it concerns fresh reef fish. Price depends a lot on the following factors, in this order:

- Freshness and food safety (see below)
- Stable supply (at least two deliveries per week) and sustainability
- Actual market conditions, including seasons like summertime or Christmas
- Competition of other origins, local fisheries and alternatives
- Personal contact (trust, proactivity, cooperation, etc) and Corporate Social Responsibility

Regarding freshness, a BRC and/or IFS standard guarantees the quality of the fresh reef fish. This certification assures that the fish has been caught, controlled and processed/packed according to international food safety standards. Inspection at entry, cold chain, temperature control, residue levels, etc are just some aspects which are regulated within these certifications.

The fish should be caught at a maximum of 3 days before flying to Europe. During these days, the fish must be kept at around -2°C. Especially the first hours after catching the fish are critical. Vessels need sufficient ice and chilling facility to lower the temperature as quick as possible towards those -2°C. The cold chain must be secured until reaching the plate of the customer. When the fresh fish arrives at the EU border above 5°C, it might be a reason for rejection by the EU sanitary controller. The fish would be destroyed.

After sanitary dispatch at the airport, the importer will check the fish in their cold store. Freshness is determined based on visual inspection by experienced staff of the importer. He/she should be able to sell the fish to their customers during the next 3-4 days. If the freshness of the fish does not allow this, the importer will contact the exporter claiming the inferior quality of the fish and will ask for a discount. In the EU, there is always a market for lower quality fish, but price will be easily half of the supposed selling price for good quality fish. The lower the quality and freshness, the lower the price.



Figure 6 red snapper (USD 19,00/kg) and lane snapper (USD 7,50/kg) from Costa Rica. Bright eyes, red gills and shining colour proves quality. The red snapper is more expensive due to size, attractive colour and limited availability.

Below is a price indication (mid-February 2023) for several Senegalese fresh reef fish (whole gutted) Cost & Freight Frankfurt by air container of about 600 kilos (C&F means that the exporter pays the air freight).

Table 1: Price indication for fresh reef fish, in Euro per kg, 2023

Red seabream 3/400 (Pagrus Caeruleostictus)	9.00	Euros
Red seabream 400/ 6/8 8/10 (Pagrus Caeruleostictus)	9.50	Euros

Red seabream 1 kg + (Pagrus Caeruleostictus)	9.50	Euros
Red seabream XL (Pagrus Caeruleostictus)	9.50	Euros
Scorpion fish 500grs+ (Scorpeana Scrofa)	11.50	Euros
Red snapper (Lutjanus Agennes)	11.50	Euros
Dentex 800 grs+ (Dentex Gibbossus)	12.20	Euros
Amberjack 1-2kg -3-5kg- 5kgs+ (Seriola Carpenteri)	8.50	Euros
Saint Pierre VD Zeus (Faber Mauritanicus)	11.90	Euros
Red mullet N°1 - N°2 (Pseudupenaeus Prayensis)	6.50	Euros
Red grouper (Epinephelus Morio)	11.50	Euros
Perroquet rose (Scarus Heofleri)	7.00	Euros
Angolan dentex 400/600- 600/800 (Dentex Angolensis)	8.50	Euros
Mahi-Mahi (Coryphaena)	7.30	Euros
White grouper 1/2 (Epinephelus Aeneus)	10.50	Euros
White grouper 2/3 (Epinephelus Aeneus)	12.20	Euros
White grouper 3/5 (Epinephelus Aeneus)	12.20	Euros
White grouper 5/10 (Epinephelus Aeneus)	12.20	Euros

This is just a selection of some fish species from Senegal, to give you an idea of overseas competition. As Sri Lanka has other fish subspecies, it is only to be used as a guidance. It is not possible to compare prices 1 on 1 from different origins. Also have in mind the five price factors mentioned above. The price list is of a Senegalese company with no certifications. From Central America (fully certified), a Dutch company named Open Seas BV buys farmed red lane snapper W/G of 600 grams per piece for about Euro 16,00/kg C&F Frankfurt. Wild-catch pieces of more than 15 kilos are worth Euro 35,00/kg.

The costs of airfreight can fluctuate a lot. It depends on aspects like quantities, times of departure, the demand for freight of other products (like flowers or vegetables), etc. Nowadays it can cost easily USD 1,60/kg to fly fresh fish from Sri Lanka to for example Frankfurt Germany.

TIP: Price is not the most important aspect for fresh reef fish. It is a fully price-quality-demand consideration by part of the importer. It can be Euro 6,00/kg, it can be up to Euro 45,00/kg.

TIP: For your cost price calculation, have in mind that payment terms are quite short: within 7 days after loading the cargo.



Figure 7 fresh good quality red grouper from Panamá. Due to its very big size, attractive colour and limited availability it is sold for USD 40,00/kg CFR to the European market.

3.6 Opportunities

As there is still more demand than offer, there are plenty of opportunities for Sri Lankan exporters. Importers in Germany and the Netherlands are always searching for new suppliers and for new kinds of reef fish. They are willing to give exporters a chance to show their company and products. To take advantage of the opportunities, a Sri Lankan exporter should focus on the following marketing aspects:

3.6.1 Product

The most interesting products are snappers, groupers and parrotfish. However, Dutch and German importers also have an interest in other reef fishes. They will be eager to know new species as long as the product is fresh, according to food safety standards, and with a stable supply throughout the year.

It is advisable to look at websites of the competition from for example Indonesia, Senegal and Panamá. A Sri Lankan will get an idea of what is required to have a product according to European standards. Control of cold chain, traceability and food safety are key aspects.

TIP: BRC and/or IFS certification would definitely boost your possibilities in the Netherlands and Germany.

3.6.2 Price

It does not matter if the reef fish costs Euro 6,00 or Euro 35,00 per kilo. It is all a question of the right price-quality-demand ratio. Sending a sample or trial orders are very common to get to the right price estimation. Upon arrival at their cold store, the importer will thoroughly control the product and their salespeople will send it out to various key customers. These customers will give feedback of what they think the right price should be. If very interested in the product, they will not try to bargain as they know that their competition could be willing to pay more for it.

It is to be repeated that a stable supply throughout the year is much more important than the price.

3.6.3 Place

It is very complicated to reach the retail and food service directly. Focus on the importers and wholesalers who sell to those segments. The best importer is the one that sells to both segments.

TIP: Do not try to spare money on logistics. The cold chain during transport cannot be disrupted at any time. It is better to pay a bit more for air freight than assuming the risk of rejection when the fish arrives at the EU airport.

3.6.4 Promotion

A Dutch or German importer needs a very proactive and cooperative attitude by the Sri Lankan exporter. Competition is tough and does not stand still. Sending a weekly price list to importers hoping that they react has no effect at all. Especially in the fresh fish sector it is important to establish a personal relationship with the buyer based on trust and stability. A good sustainable product with a stable supply will do the rest to start up and, more important, to maintain a stable relationship for the long term.

TIP: Instead of focussing on shipment number 1, work towards shipment number 20.

A great way to know the European market and its major players is to visit the [Seafood Exposition Global](#) in Barcelona Spain, every end of April. This business fair is by far the biggest and most important of the European fish & seafood sector. There are hundreds of Dutch and German fresh fish companies with a stand or visiting the fair. Take a look at the [exhibitors list](#), find the right companies (searching their website) and try to arrange a meeting.

When you consider exhibiting at a trade fair, be aware that just having a stand does not mean that all Dutch and German fresh fish companies come to you. You have to look for them several weeks before the fair and arrange a meeting in your stand to show the possibilities.

Another great business fair to find German and Dutch importers of fresh reef fish is the [Fish International](#) in Bremen Germany, each two years in February. Although much smaller than SEG Barcelona, it is a perfect place to feel the German (business) culture and to find possible customers. The advantage of Fish International is that is relatively close to the Netherlands. Within a 4 hours' drive you can visit several big importers in the Netherlands.

TIP: To obtain more general information about the European seafood market, you could contact the Export Development Board, or the Embassy of Sri Lanka in the Netherlands or Germany. Or you could visit (and subscribe to) online fish magazines like www.seafoodsource.com, www.eumofa.eu, or www.eurofish.dk.

3.6.5 Planet

Sustainability is key. Regarding fishing methods, trawling is getting a bad name in the market. Longline catching is the way importers prefer. It does not harm the environment and to a lesser extent the fish quality (compared to trawling). Having an ASC or MSC certification definitely opens more possibilities in the European Union and Switzerland. They are necessary to reach the bigger supermarkets.

TIP: Sri Lanka should start [FIP](#)'s for the wild-catch sector as soon as possible for the main fish species in response to European concerns over sustainability. Able to say to an importer that Sri Lanka is participating in a FIP already gives a sign of confidence and proactivity towards the future.

3.6.6 People

For now, mainly the retail segment starts to demand CSR certifications of their suppliers. It is still not required in the food service segment. However, the trend is that within 6-7 years, CSR will be an important Unique Selling Point if an exporter has a certification.

TIP: It is advisable to start implementing CSR in your company.

4 Frozen crab for Spain and Portugal

4.1 Trade

Spain and Portugal are among the main fish and seafood consuming countries in the EU. An average Spaniard eats about 22,7 kilos of seafood per year, a Portuguese even more. These countries also have a strong fishing fleet in the Mediterranean Sea and the Atlantic Ocean. Some companies even have licenses or direct investments in vessels fishing in West and East Africa. However, a major part of these catches of crab is in live condition, not frozen. Spain and Portugal import the frozen crab from all possible origins. From Canada to Australia and every country in between. Crab is a relatively cheap product and can be found in every supermarket or seafood restaurant.

Apart from their strong internal consumption, Spain and Portugal also re-export crab to other European countries like France, Belgium and the Netherlands. They act like a hub. A certain lot of crab imported by a Spanish company like Delfin Ultracongelados SA for example, can end up in markets in Switzerland, France, Germany or even Poland. With daily European arrivals and departures of trucks (full loads or groupage), internal logistics are quite easy to manage.

In short, regarding all crab species in frozen condition, Sri Lankan companies should focus on importers in Spain and Portugal for their internal consumption and their re-export to other European countries.

This report covers spotted, blue swimming and mangrove crabs as one product group. Commercially and practically, they are all traded under the same name *Portunus Pelagicus* and Harmonised System Code 030614: 'Frozen crabs, even smoked, whether in shell or not, incl. crabs in shell, cooked by steaming or by boiling in water'. This is a very wide denomination by which it is complicated to give exact numbers of trade and trends. Nonetheless, the next chapter 'Consumption', provides some estimations. Please revert to the [link](#) of the EU for the commercial and scientific names of seafood species.

4.2 Competition

There are three types of competition: local competition from European supplies, supplies from outside Europe and alternative products. Local competition is quite severe with several European countries fishing for crab in the Atlantic Ocean, the North Sea and the Mediterranean Sea. These waters are colder than the coasts of Sri Lanka. It is another type of crab (*Cancer Pagarus*) but really well accepted by European consumers. Although mainly sold in live condition, it should be considered a serious competition for frozen crab.

Beside local competition there are other seafood products which are well appreciated in the EU and Switzerland. This is competition from alternative products. Think of all kinds of shrimps but also fish products. Consumers will not eat crab every day. Even meat or other food can be considered competition of alternative products.

As local competition and competition from alternative products cannot be influenced by Sri Lankan exporters, the main competition to focus on is competition from overseas. There are lots of warmer waters in the world and competition is severe. One should not only think of competition from closer countries like India and Bangladesh, but also from southeast Asia (Vietnam) and Africa (Senegal and Nigeria). All these regions have their

own specific types of crab, both wild-caught and from aquaculture. Asian crab, including from Sri Lanka, is mainly used to make soups and sauces. African crab is eaten as a whole product. Compared to fish and shrimps, crab is a relatively cheap product. The main selling point of crab is price. Supply is sufficient to satisfy demand.

Competition is hard and keeps supply and demand in balance, but it also keeps the exporter aware of trends and requirements. As explained in the chapter about requirements for fish and seafood. Food Safety, Sustainability and Corporate Social Responsibility certifications (in this order) are of utmost importance. Not having certifications can be the difference of doing business with the EU and/or Switzerland or not. Look at the website of ASC, BAP and/or GlobalGAP for certification. You can see what is necessary to guarantee sustainability of farmed crab. If not started yet, Sri Lankan exporters should contact ASC, BAP or GlobalGAP to initiate it as soon as possible. It takes several years to obtain the certification.

TIP: Learn from your competition, look at websites of exporters from countries like India, Bangladesh and Vietnam. Investigate which kind of certification they have and how their processing plant looks like.

4.3 Consumption

The European Union consumes three types of crab: frozen (about 45%), live (about 40%) and canned (about 15%). Overall, frozen crab is the biggest product with about 19,000 tons per year. Spain takes about 5,000 tons of this volume and Portugal approximately 1,500 tons. However, about 97% of the crab is caught inside Europe, including the United Kingdom. The main species is the brown crab: *Cancer Pagarus*. Consequently, imports from overseas (Asia and Africa) are much less.

A Spanish company named Delfin Ultracongelados SA is one of the biggest importers of frozen crab (from overseas) in Europe. They mainly import the blue swimming crab, about 125 tons per year. But there are a lot of big importers in Spain and Portugal trading crab products. According to Delfin's purchase manager, they have an estimated market share of about 30% which means that the overall market is less than 400 tons of frozen blue swimming crab. The market for spotted and mangrove crab is considerably smaller.

According to the sales manager of Ultracongelados SA, the market for crab in the EU and Switzerland is quite stable. Supply is enough to cover demand. This situation makes it a competitive market. If Sri Lanka wants to enter the European market, it will face direct competition from countries like Bangladesh, India and Senegal. Apart from the Covid19 years with a severe decrease in volumes of crab, Delfin recovered in 2022. "Consumers are consuming more and more seafood in general and are increasingly willing to try new species and more exotic products. According to me, crab is not in this category. It has consolidated its market and I don't see any overall changes in volumes for the coming years", she says.

She foresees that this stable market condition holds on the coming years. Apart from a competitive price, it is necessary to guarantee food safety and to focus on sustainability (certifications). Consequently, Delfin Ultracongelados SA strongly confirms the trends mentioned in the sector report being:

4.3.1 Food Safety

Farmed crab is relatively cheap if you compare it with farmed shrimp or fish for example. Competition is severe. That is why the additional requirements of a Spanish or Portuguese importer are quite high. When contacting an importer, the first question will be whether the processing plant of the Sri Lankan exporter has certifications of Food Safety: [IFS](#) and/or [BRC](#). HACCP is not enough anymore.

Please check the chapter on buyer requirements for fish and seafood for more information about Food Safety certifications.

4.3.2 Sustainability

European consumers are very aware of problems of climate change and pollution. Looking at the average fish counter of the major European supermarkets, almost all fish and seafood carries the [ASC](#) or [MSC](#) label. Most farmed crab is available with GlobalGAP, ASC or BAP label. It is important to implement these standards as soon as possible and get the farm certified. A certification is a guarantee of sustainability for the importer.

Please check the chapter on buyer requirements for fish and seafood for more information about Sustainability certifications.

4.3.3 Social Responsibility

Lots of supermarkets in the Netherlands, Belgium and other countries in the northern part of Europe, like Ahold or Lidl, start asking suppliers to inform them about the Corporate Social Responsibility standards of their suppliers, from Sri Lanka for example. Although it is still in an early stage, especially in Spain and Portugal, it is advisable to start implementing a CSR strategy in your company. While food safety is a minimum requirement, sustainability is also very important. Within the next 6-7 years a CSR certification will be a minimum requirement too.

Please check the chapter on buyer requirements for fish and seafood for more information about Social Responsibility certifications.

4.3.4 Grading and cutting

Frozen blue swimming crab is rarely eaten as a whole product. Its meat content is rather low, and the legs are very thin. As a meal European consumers prefer the live brown crab from the North Sea or Atlantic Ocean. Blue swimming crab is mainly used to make fish soups and even sauces due to its strong flavour. Therefore, as being explained in a next chapter under 'Trade structure and distribution channels', demand for crab in the food service segment is much lower than demand in the (ethnic) retail segment.

Regarding size, as being mainly used for soups, overall there is no real preference for bigger or smaller sizes. Grading is done for commercial diversification in case a customer does want a specific size. Consequently, all sizes have the same price. Historically, the following grading is used by European customers (net count = graded before glazing):

- 50-60 grams per piece net count
- 60-80 grams per piece net count
- 80-130 grams per piece net count
- 130+ grams per piece net count

The importer should inform the exporter his preferences, if any.

4.4 Trade structure and distribution channels

To reach the end consumer, there are two segments to have in mind: the retail and food service providers such as restaurants. In the following figure, the most interesting segments are coloured darker. The less interesting are lighter of colour.

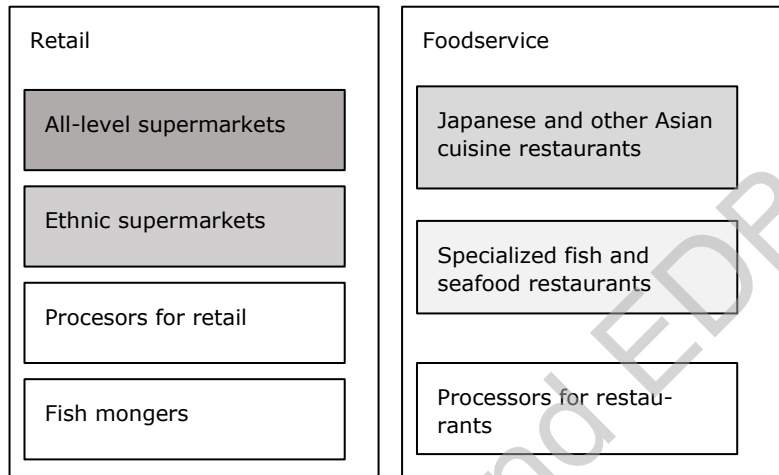


Figure 8 Retailers and foodservices in the frozen crab sector

This figure shows that most farmed frozen crab ends up in supermarkets and in Asian cuisine restaurants. Also, the ethnic market is an interesting outlet for crab. A rough indication would indicate a market share of 75% for retail against 25% of foodservice. Due to the high food safety and sustainability standards of the retail segment, lots of supermarkets only allow ASC or MSC certified products in their stores. The food service segment also prefers sustainable products but is not requiring 100% certification. They use the crab as raw material for sauces and soups. Moreover, as supermarkets target their business at a broad group of consumers, a relatively cheap product such as crab sells well. Asian cuisine restaurants are used to have crab on the menu, but a large group of consumers prefer shrimp or fish above crab when eating in a restaurant.

The following figure shows how farmed frozen crab reaches the two main market segments.

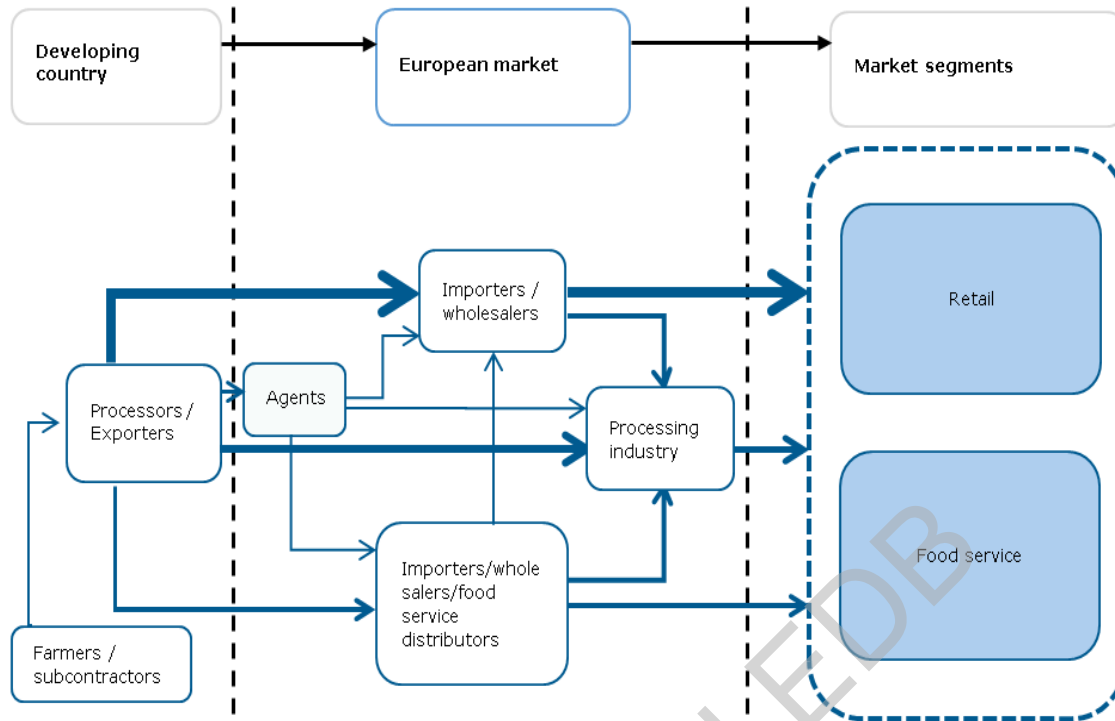


Figure 9 Trade structure in the frozen crab sector

As you can see, most frozen crab reaches retailers and food service providers through European intermediaries. The food service providers and retailers usually buy their crab from importers and wholesalers. Some are specialized in sales to the retail segment, others in the foodservice segment. In other words, a Sri Lankan exporter should focus on those importers. Even better, find out who the customers of the importer are. During the Covid lockdowns the food service channel was hit very hard, apart from some home delivery services. But the retail did just fine, even better than before the epidemic. This showed that the best performing importer over the long-term is the one which has diversified and sells both to retail and to foodservice.

4.4.1 Logistics

From Sri Lanka there are several shipping companies able to send reefer (refrigerated) containers to the European Union. Maersk, CMA-CGM and MSC are well known worldwide. Sending containers to Switzerland is possible but usually the product is unloaded in a European main port, palletized and then sent to Switzerland by truck. Spanish and Portuguese importers use several ports, having in mind the costs and the lead times. Popular ports are Algeciras, Valencia, Vigo (Spain) and Leixoes (Portugal). Sometimes Rotterdam (the Netherlands) is an option if freight is much cheaper than to Spanish or Portuguese ports. If sold directly to their clients, per container load, it is possible that the importer wants the container to be delivered in for example Marseille (France), Hamburg (Germany) or Livorno (Italy).

All these ports have a 'perishable' terminal where frozen vegetables, meat, fish, shrimps, etc can be kept under the right temperature. They have a lot of experience with frozen fish and seafood, and it is safe to use these ports. The customer will tell the exporter which shipping company and port of destination to use. Some importers will even buy the crab 'Free on Board', meaning that the importer takes care of all logistics from the

port in Sri Lanka. Others will buy 'Cost and Freight', meaning that the exporter contacts and pays the shipping company.

The costs of sea freight can fluctuate a lot. It depends on aspects like availability of empty reefer containers, oil prices, general demand for freight of containers, etc. Nowadays a 40 feet reefer container can cost easily USD 9,000 from Sri Lanka to Valencia. It is normal that it takes 1-2 months between signing the contract and loading the container on a vessel. If there is need for more time, due to a bad farming season for example, the exporter should inform the importer immediately.

4.5 Price and quality

For a relatively cheap product as crab, price is very important but not the only point of decision making for an importer. To get an order or not depends on the following factors, in this order:

- Price
- Competition from other origins, local fisheries and alternative products
- Food Safety (see below)
- Stable supply (at least one container per month) and Sustainability
- Actual market conditions, mainly existing stocks
- Personal contact (trust, proactivity, cooperation, etc) and Corporate Social Responsibility

Regarding food safety, a BRC and/or IFS certificate guarantees the quality of the crab. This certification assures that the crab has been harvested, controlled and processed/packed according to international Food Safety standards. Inspection at entry, cold chain, temperature control, residue levels, etc are just some aspects which are regulated within these certifications.

Concerning farming methods, special attention must be given to waste and water management. Preserving or even improving the direct surroundings is of utmost importance. A direct result of this environmental concern is sustainability. European consumers want to have a guarantee of sustainability and the way of obtaining this is having an ASC, BAP or GlobalGAP certification. A certified product definitely opens more possibilities in the European Union and Switzerland. They are necessary to reach the bigger supermarkets. See the sector report for more details.

Below is a price indication (end-March 2023) for whole frozen blue swimming crab from India Cost & Freight Algeciras by containerload of about 15.000 kilos (C&F means that the exporter pays the sea freight). Have in mind that the crab must be whole without broken parts and without unusual spots.

50-60 grams per piece net count	Euro 4,90 per kilo
60-80 grams per piece net count	Euro 4,90 per kilo
80-130 grams per piece net count	Euro 4,90 per kilo
130+ grams per piece net count	Euro 4,90 per kilo

As you see, Spain is not making a difference in purchase price for sizes. Prices are based on weight. Later, during sales, it might be possible that due to differences of stock a size may be cheaper or more expensive than another size. But from Sri Lanka, all purchase prices are the same. This is just a guidance of crab from India, to

give an idea of competition from suppliers outside Europe. It is not possible to compare prices 1 on 1 from different origins.

4.6 Opportunities

As there is more supply than demand, there are plenty of opportunities for Sri Lankan exporters if the marketing mix is optimised. Not only the price is important, also the product itself, the distribution channel, the promotional activities, sustainability and Corporate Social Responsibility. Importers in Spain and Portugal are always searching for new suppliers of good quality farmed crab. They are willing to give exporters a chance to show their company and products. To take advantage of the opportunities, a Sri Lankan exporter should focus on the following:

4.6.1 Product

As farmed crab is relatively cheap, the product must be freshly (quick-) frozen, whole (no broken parts) and no unusually coloured spots. EU law accepts the use of sulphites to maintain the crab in good condition during at least 24 months under -20°C. Being an ingredient, it is necessary to declare the sulphite on the label. Glazing is possible when the importer wants it (to be declared on the label also).

Some importers ask for separated crabs: the body and the claws apart. It is advisable to sell both to the same importer in order to not to get stuck with only bodies or only claws. Claws tend to be a bit more expensive than bodies.

It is advisable to look at websites of the competition from for example Bangladesh, Vietnam and India. A Sri Lankan exporter will get an idea of what is required to have a product according to European standards. Control of cold chain, traceability and food safety are key aspects.

TIP: a BRC and/or IFS certification would definitely boost your possibilities in Spain and Portugal.

4.6.2 Price

The price for crab is relatively low and supply is bigger than demand. This means that price must be very competitive. Above a certain level, depending on market conditions and availability, the customer could prefer other origins or other species of crab. Or even a switch towards farmed shrimp is possible. In other words, a Sri Lankan exporter must try to reach the highest profit margin while staying price competitive.

Bangladesh is one of the biggest competitors for Sri Lanka. Following their sales prices is a good strategy to be price competitive. It is important to keep production costs as low as possible. The implementation of a BRC or IFS quality standard would increase the efficiency of the processing plant. A GlobalGAP or ASC certification would reduce the costs of farming on the long term.

TIP: try to have the payment term as short as possible: Cash Against Documents at sight. Moreover, never send a container and the original documents directly to a customer, unless they have paid in advance. Risk of not receiving payment is present, even for big known companies in Spain and Portugal.

4.6.3 Place

It is very complicated to reach retailers and food service providers directly. A Sri Lankan exporter should focus on the importers and wholesalers who sell to those segments. The best importer is the one that sells to both segments. A regular supply is very helpful for the importer's planning of sales. Try to be able to ship a containerload every month at least. Usually, the time between confirmation of the order and loading the container is about 1 month.

Whole crab is normally packed in (plastic coated) cartons of 1 kilo net weight. Being a box that could end up in a supermarket, it should be an attractive box showing the product and its specifications. A box with a transparent window would be ideal to give a real view of the product inside. It might be that the importer wants to sell the product under their own private label. For logistical purposes, normally there are 10 or 12 boxes of 1 kilo in a master carton box.



Figure 10 Frozen soft-shell crabs

4.6.4 Promotion

Spanish and Portuguese importers are a bit slower in communication than their German and Dutch counterparts. Still, they appreciate a proactive and cooperative attitude by the Sri Lankan exporter. Competition is tough and does not stand still. Sending a generalized introduction mail to possible importers, hoping that they react, has no effect at all. As there are a lot of competitors worldwide, it is important to establish a personal relationship with the buyer based on trust and stability. A good sustainable product with a stable supply will do the rest to start up and, more important, to maintain a stable relationship for the long term.

TIP: instead of focussing on shipment number 1, work towards shipment number 20.

A great way to know the Spanish and Portuguese markets and their major players is to visit the Conxemar fair in Vigo, every first week of October. There are tens of Spanish and Portuguese crab importers with a stand or visiting the fair. It is a fair where you have to know the people beforehand. It is a place to meet customers and suppliers in an amical way, not so 'straight-to-business' as for example the German market. Business is discussed but friendship is of equal importance. Take a look at the [exhibitors list](#), find the right companies (searching their website) and try to arrange a meeting.

Another possibility to know new customers is to visit the [Seafood Exposition Global](#) in Barcelona Spain, every end of April. Overall, this business fair is by far the biggest and most important of the European fish & seafood sector. Also, Sri Lanka use to have a stand on this fair. Just having a stand does not mean that all Spanish and Portuguese seafood companies come to you. You have to look for them several weeks before the fair and arrange a meeting in your stand to show the possibilities.

To obtain more general information about the European seafood market, a Sri Lankan exporter could contact the Export Development Board, or the Consulate of Sri Lanka in Spain or Portugal. Or they could visit (and subscribe to) online fish magazines like www.seafoodsource.com, www.eumofa.eu, or www.eurofish.dk.

4.6.5 Planet

Sustainability is key. Consumers want to have the guarantee that the crab is farmed in a way that does not harm the environment around the farm. Water and waste management are important aspects. Having an ASC, BAP or GlobalGAP certification definitely opens more possibilities in the European Union and Switzerland. They are necessary to reach the bigger supermarkets and in future the food service segment.

4.6.6 People

For now, mainly the retail segment starts to demand CSR certifications of their suppliers. It is still not required in the food service segment. However, the trend is that within 6-7 years, CSR will be an important requirement. It is advisable to start implementing CSR in your company.

5 Conclusion

The European fish and seafood market is big but fragmented. For example, Germany and Spain are totally different regarding demand, local offer and business habits. Before starting preparations to export to Europe and Switzerland, a Sri Lankan exporter should investigate his target market in detail before contacting any importer. General fish and seafood websites, online magazines, websites of European importers and surrounding competitors are good sources of information. The yearly Seafood Expo Global in Barcelona is the perfect place to know the European and Swiss fish & seafood market.

For the fresh fish species, the scampi and the crab it is necessary to focus on a stable supply throughout the year against competitive prices. These prices should be compared continuously with the competition in surrounding countries like India, Vietnam and Bangladesh. It should be reminded that there is also less controllable competition from local suppliers, suppliers from other continents and from alternative products.

Price is just one parameter that European and Swiss importers are looking at. In order to get a chance to export in the first place, it is of utmost importance that Sri Lankan exporters get a quality (IFS or BRC) certification and a sustainability (ASC, MSC, GLOBALGAP, BAP) certification. More and more importers will not buy from uncertified companies. Moreover, in the coming years the European pressure on getting a CSR certification will increase.

With a market of 500 million consumers, with a good preparation, also Sri Lanka should be able to get a part of the European and Swiss fish and seafood market.

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