The European market potential for pacific white shrimp

Suppliers of Pacific white shrimp (*Penaeus vannamei*) have taken over the European shrimp market. Supermarkets and wholesalers throughout Europe sell a variety of frozen and chilled refreshed Pacific white shrimp products. The global rise in production of Pacific white shrimp has brought prices down. Do you want to sell your Pacific white shrimp at a higher price on the European market? Be sure you produce the most in-demand size and colour and have your products ASC certified.

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1. Product description

Pacific white shrimp (*Penaeus vannamei*) is part of the *Penaediae* family and is also commonly referred to as whiteleg shrimp or vannamei shrimp. Where cultivated Pacific white shrimp is mentioned in this survey, it means the following Harmonised System codes, unless stated otherwise:

- HS 03061792 – Frozen shrimp of the genus Penaeus
- HS 160521 – Shrimps and prawns not in airtight containers
- HS 160529 – Shrimps and prawns in airtight containers

The definitions of products under these HS codes are a bit confusing. The general rule is that products having undergone only one processing step, such as raw peeled and deveined products (PD) or head-on shell-on (HOSO) cooked products, are declared as HS03061792. Products that have undergone at least two processing steps, such as peeled and cooked or peeled and battered, are declared under HS160521 or HS160529. Contrary to cooking, blanching is not officially regarded as a processing step. Peeled and blanched products are still declared under HS03061792.

Pacific white shrimp is imported into Europe as a final product, readily packed and distributed in the frozen segments of supermarkets or food service wholesale stores. Final products are often imported into Southern Europe in boxes with head-on shell-on (HOSO) raw and cooked shrimp or in bags with head-less shell-on (HLSO) peeled or cooked products. In North Western Europe, Pacific white shrimp is mainly imported as a final product as raw and cooked peeled products and packaged in bags.

Pacific white shrimp is also imported as a bulk product for Europe's domestic processing industry. In Southern Europe, bulk imports of raw HOSO products serve cookeries, which thaw the products, cook it and sell it on the market as chilled refreshed HOSO products. In North Western Europe, processors import blocks of a variety of raw and cooked peeled products. Blocks are thawed, sometimes cooked, and then repacked for sales through retail and food service channels.

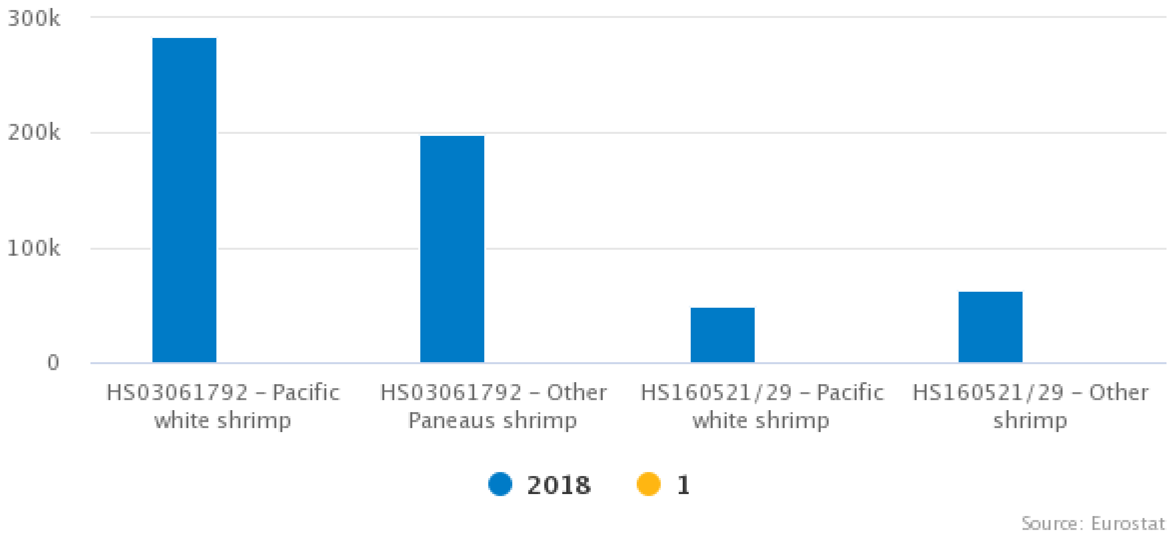
- Access the freely available Trade Map data. Play around with the data from the relevant HS codes for Pacific white shrimp mentioned above to help you better understand the market dynamics.

2. What makes Europe an interesting market for Pacific white shrimp?

Europe is the world's third largest market for Pacific white shrimp, after the United States and China. In 2018, Europe imported an estimated US$1.5 billion of raw or blanched peeled and raw and cooked HOSO and US$500 to US$600 million of cooked and peeled and value-added Pacific white shrimp. In volume, Europe's Pacific white shrimp imports in 2018 totalled approximately 400,000 tonnes. The biggest European importers are France, Spain, the United Kingdom, Italy, the Netherlands, Germany and Belgium, accounting for about 80% of the total European Pacific white shrimp imports.

Figure 1: Imports of HS03061792 and HS160521/29 by France, Spain, the United Kingdom, Italy, the Netherlands, Germany and Belgium

in tonnes



Shrimp accounts for 6% of seafood consumption in Europe

European consumers eat almost 25 kg of fish and seafood per capita a year. According to a recent study of the European Commission, shrimp accounts for 6% or about 1.5 kg per person of the total European fish and seafood consumption. The European Union estimates that 62% of that shrimp comes from the wild and 38% from aquaculture, of which approximately 85% to 90% consists of Pacific white shrimp and about 10% of black tiger shrimp.

Most shrimp imported into Europe is consumed in Southern Europe. The annual per capita consumption of shrimp is almost 3 kg in Spain, 2 kg in Portugal and 1.5 kg in France. It is important to understand that there is no such thing as one European shrimp market. Each country in Europe has its own food culture, based on historical developments and cuisine. That said, in terms of fish and seafood consumption, it is safe to single out Southern European countries and regions in comparison with the rest of Europe. In this analysis, parts of France have a fish and seafood food culture similar to other Southern European countries, while other parts of France have similar fish and seafood consumption habits to those of the rest of European countries.

The main shrimp product consumed in Southern Europe is HOSO, mostly imported from South America. Much more than in the north of Europe, people in countries around the Mediterranean Sea prepare a large number of elaborate recipes, many of them based on HOSO shrimp. Most shrimp in Southern Europe is sold cooked or blanched as a cosmetic treatment.

The rest of Europe, as far as shrimp is concerned, has developed into a convenience market, where consumers demand for quick and easy products to prepare or ready to eat has been growing steadily. In these countries, various types of peeled shrimp imported from Asia dominate the market. Peeled shrimp can be sold either raw for cooking at home or fully cooked. In parts of Europe, there is even a growing market for more value-added products, such as peeled and ready to be stir-fried, sometimes accompanied by an included sauce or breaded for deep frying at home or in restaurants.

European Pacific white shrimp consumption might increase in the future. With prices of Pacific white shrimp going down in the short term, retailers and wholesalers are likely to increase their Pacific white shrimp sales. In the long term, further growth might be fuelled by other factors than just price. The growing middle class in Eastern Europe, for example, may increase its consumption of exotic animal protein products, such as Pacific white shrimp. Some growth is expected, but moderate between 3% and 5% per year.

In general, growth is most likely to happen in convenience products and not so much in HOSO products. This assumption is strengthened by the fact that new consumers in Eastern Europe, for example, are more likely to also choose convenience products, which are easier to cook and eat than HOSO products.

Most Pacific white shrimp is imported

Europe does not produce any significant volumes of Pacific white shrimp itself, so almost all Pacific white shrimp consumed is imported. The shrimp comes in either as a final product ready for the consumer or as a product to be reprocessed in Europe before it is sold to the end consumer.

The market size for raw peeled and raw and cooked HOSO Pacific white shrimp grew by approximately 10,000 tonnes per year from 2015 to 2017. However, the 2017-2018 year was very turbulent, due to a global oversupply caused by rapid production volume growth saturating the market. Average prices per kilo dropped from US$7.27 in 2017 to US$6.58 in 2018. European imports of Pacific white shrimp under HS03061792 stabilised around 350,000 tonnes in 2018, when cooked and further value-added products accounted for about 50,000 tonnes.

Importers warn producers that it is unlikely that the market can absorb current production volumes without prices remaining low. The price levels of 2018 were hard to manage for producers around the world and, as a result, producers were expected to be more cautious with increasing production further in 2019.

Data for 2019, however, has already made clear that India and Ecuador have produced enough shrimp to indicate that global production will be bigger in volume than in 2018. In the long term, it is expected that production will increase further and outgrow demand, pushing prices even lower.

Europe mainly imports raw and cooked HOSO shrimp from South America. Raw and cooked peeled and further value-added products are imported from Asia. Europe’s key suppliers of HOSO shrimp are Ecuador, Nicaragua, Venezuela, Peru and Honduras. The main suppliers of peeled and value-added Pacific white shrimp are Vietnam, India and Indonesia. Vietnam is expected to expand its market share, at the expense of India and Indonesia, thanks to the upcoming free-trade agreement with the European Union and the withdrawal of import tariffs.

The main reason for the differentiation of suppliers of HOSO products and peeled products is that South American suppliers can generally not compete with the prices of Asian suppliers on peeled or further value-added products, because labour costs are too low in Asia. South American suppliers, however, have traditional strong ties with the Spanish and broader Southern European market, where importers have been selling Pacific white shrimp for much longer than in the rest of Europe, which was previously dominated by black tiger shrimp (*P. monodon*).

Currently, the top-five European countries importing raw peeled and raw or cooked HOSO Pacific white shrimp are in Southern Europe. The top-five European countries importing cooked peeled and further value-added products are in North Western Europe. We expect that the changing eating habits of the younger generation (20–40 years old) in Southern Europe, countries like Spain and Italy will also increasingly import cooked peeled and further value-added products.

The Pacific white shrimp sizes available in the market range from 20 to 100 pieces per kilo but the majority is 40 to 100 pieces per kilo. On the larger sizes (20 to 40 pieces per kilo), Pacific white shrimp competes with black tiger shrimp, Argentinian red shrimp and African sea tiger. Even though the other species are often regarded as being higher quality, if Pacific white shrimp is at a lower price, customers are likely to choose to buy Pacific white shrimp. Usually, the best margins can be made on these bigger sizes.

Although there are some developments in terms of domestically producing Pacific white shrimp in closed recirculation systems in Europe and the United States, it is not likely that domestic production will grow rapidly. Domestic production in any case will consist of small production units with small production volumes targeted to supply freshly harvested shrimp to premium local markets. For the bulk product, to supply its mainstream market, Europe will remain dependent on imports from non-EU origins.

Tips:

If you want to stay up to date on the European shrimp market, follow the ShrimpTails magazine or the GLOBEFISH's global seafood market reports. Both publications can be read online for free.

Other daily news sites that publish regular news on the European shrimp market are Undercurrent News, Intrafish and SeafoodSource, which have freemium models and unlimited access subscriptions.

European quota for raw materials for domestic cookeries

The European Commission announced the new autonomous tariff quotas (ATQs) for 2019-2020 on 11 December 2018, providing reduced or duty-free import rates for certain products from outside the European Union. One of the quotas is for Pacific white and black tiger shrimp. Between 1 January 2019 and 31 December 2019, European Union buyers can import 40,000 tonnes of raw materials for reprocessing. Countries that already have a free-trade agreement with the European Union do not benefit from this quota and their exports do not use any of the ATQ-assigned 40,000 tonnes.

Europe's most important exporter of cooking quality HOSO Pacific white shrimp, Ecuador, does not have to trade under the quota as it is already benefitting from 0% import duties. Vietnam, which has recently signed a free-trade agreement with the European Union will also soon benefit from 0% import duties. This means that suppliers from other countries, like India, Indonesia and some Central American suppliers, have an improved chance of benefitting from trading under ATQ quotas at 0% duties when supplying raw materials to Europe's shrimp re-processors.

Tip:

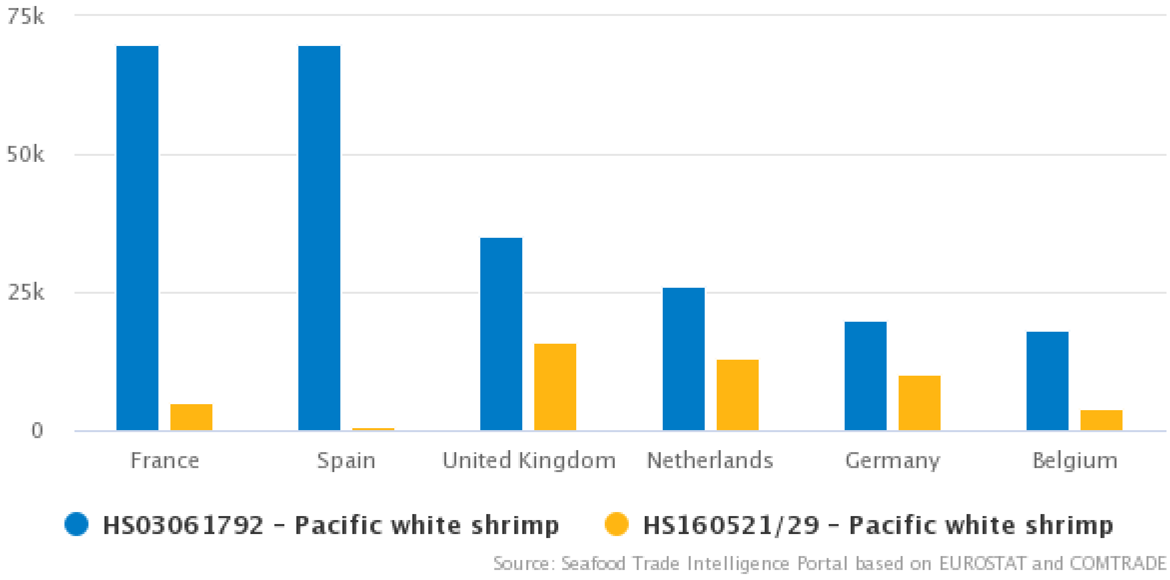
Visit the Conxemar Exhibition in Vigo, Spain, to meet the processors that make use of the quota for importing raw materials, mainly from France, Spain and Italy.

3. Which European countries offer most opportunities for Pacific white shrimp?

Although there are many high-potential markets, we will focus on the markets in Spain, France, the Netherlands, Belgium, Germany and the United Kingdom. Together, these markets represent approximately 80% to 90% of the total European Pacific white shrimp imports.

Figure 2: Combined import volumes of Pacific white shrimp dived under the different HS codes

in tonnes



Spanish consumers love shrimp

Spain imported approximately 163,000 tonnes of warmwater shrimp at a value of about US$1.2 billion in 2018. The vast majority of it, 160,000 tonnes, consisted of raw and blanched HOSO, HLSO and peeled products or cooked HOSO shrimp. Of those 160,000 tonnes, about 70,000 tonnes comprised Pacific white shrimp, where 65,000 tonnes consisted of HOSO and a small portion of HLSO shrimp from South and Central America, while the remaining 5,000 tonnes were peeled products from Asia.

Spanish consumers love shrimp. They eat shrimp in a variety of tapas, in traditional paella and rice recipes and several other ways. Like in many other parts of the world, consumers in Spain like to prepare their dishes with HOSO shrimp, not necessarily serving it directly on the plate, but often taking the heads off or peeling the shrimp only when preparing it.

Photo 1: Refreshed cooked shrimp sold in La Boqueria Market, Barcelona

Source: Librarygroover 2019

Spanish importers traditionally purchase shrimp from South and Central America. In the case of Pacific white shrimp, imports mainly originate from Ecuador and various countries in Central America, including Honduras, Nicaragua and Guatemala. There are two reasons for this. The first reason is language. Spanish importers prefer to do business in Spanish. The second reason is that suppliers in South and Central America, with their high-quality and large-sized extensively farmed shrimp, are better positioned to supply high-quality HOSO shrimp.

We estimate that 80% to 90% of Spain's Pacific white shrimp imports consist of HOSO products, of which 50% to 60% consists of raw materials for the domestic cooking industry and 40% to 50% consists of finished frozen products for retail and food service. The remaining 10% to 20% of the imported volume will consist of a mix of peeled products frozen as finished product ready to be distributed to retail, wholesale and food service.

To supply cooking quality shrimp, your company must be well set up. The right quality of shrimp — in terms of colour (A2 to A4), sizes (20–60 pc/kg), texture and freshness — requires you to have control over the supply chain from farm to factory. You must be able to freeze the raw materials within a couple of hours of harvesting and be very precise about storage and transportation from farm to factory. Increasingly, cookeries may request that you brine freeze the shrimp instead of blast freezing to improve quality further.

The advantage of exporting HOSO shrimp is that HOSO products, whether packaged in bulk or in final packages, do not require much labour to produce. So, in countries where labour is not as cheap, it is a good way to be competitively priced in the market. If you have your farms well managed and your factory located close to the farms you source from, you should be able to deliver the right quality of raw materials and develop solid business with Southern Europe's cookeries, not only in Spain but also in France and Italy.
In Spain, Pacific white shrimp competes on the larger sizes with Argentinian red shrimp and African sea tiger.

Certain chefs and consumers prefer wild caught shrimp over cultivated shrimp. Both because of the origin of the product, as well as because of the darker colour of Argentinian red and African sea tiger shrimp. If prices are not too far apart, these customers are likely to choose the wild caught products. However, the bigger the price gap, the more likely the customer will chose the cheaper option, which is often Pacific white shrimp.

Tips:

- Get in contact with key buyers of frozen shrimp, like Compesca and Gambafresh. These buyers hold the highest potential for introducing your products to the Spanish market.
- Be sure to speak the language of your buyers or hire a translator to do business in Southern Europe. Making contact and gaining trust of potential buyers in Southern Europe will be much easier if you speak their language. Of course, business can be done in English as well, but speaking their language will give you a step ahead. In North Western Europe, English is a must but there is no need to speak other local languages.
- Study the product portfolios of Labeyrie Fine Foods, Krustanord and Nueva Pescanova if you intend to sell shrimp to Southern European processors interested in purchasing HOSO bulk products.

France’s large and diverse market

In 2018, France imported 100,000 tonnes of shrimp worth US$900 million. Raw or blanched peeled products and raw or cooked HOSO products account for 90% of the warm water shrimp imported by France, while cooked peeled or further value-added products made up only 10%. Pacific white shrimp accounts for approximately US$500 million or 70,000 to 75,000 tonnes of all raw or blanched peeled and raw or cooked HOSO products, being by far the most consumed shrimp in France.

In terms of culinary culture, France is a large, diverse powerhouse of cuisine, with diverse eating habits and various cooking cultures in different parts of the country, in and out of home, mixing in varying degrees the habits of consumers in Southern Europe and those in the rest of Europe. This means that the French shrimp market is quite diverse. France is a large market for peeled products as well as for HOSO products, where prices for the different products from different origins vary widely. This infographic on ShrimpTails magazine offers a brief overview of the variety of products in French supermarkets.

Much like consumers in North Western Europe, consumers in France are also very concerned with sustainability. Most French retailers and institutional food service companies have committed to only sell sustainable seafood, meaning that they have committed to selling ASC-certified products. In some cases, these companies also accept other labels such as Label Rouge or Friends of the Sea

France is also Europe’s biggest market for organic shrimp. French importers source organic-certified black tiger shrimp mostly from Madagascar and Pacific white shrimp from Ecuador.

Organic shrimp consumption is still relatively small, but is expected to grow strongly in the near future. This is because consumers are becoming more environmentally and socially conscious. The leading food retail companies, shrimp traders and brands are aware of this trend and consistently commit to selling more organic fish and seafood every year. It is important to note that organic-certified Pacific white shrimp can only be farmed South and Central America.

A sector report by Agrimer shows that household purchases in France amounted to about 5,700 tonnes worth €111 million of frozen shrimp, as well as 9,200 tonnes worth €169 million of chilled shrimp in 2018. As is the case in Spain, cookeries play an important role in importing bulk and reprocessing it into chilled products in

France too. Major cookeries in France include Krustanord (Pescanova) and Delpierre (Labeyrie Fine Foods).

Just like in Spain, it is very common for French retailers to sell chilled shrimp in bulk at counters where consumers can handpick the shrimp they want to buy. Contrary to Spain though, a lot of chilled shrimp is also packaged in modified atmosphere packaging (MAP) and offered to consumers in the same way as in North Western Europe, pre-packed and weighed.

Besides the cookeries, key buyers of frozen shrimp for the French market include Argis, Escal, Gelazur and Crustamar.

Netherlands, Belgium and Germany: an interconnected group of markets

The Netherlands, Belgium and Germany are interconnected markets, as the ports of Rotterdam, Antwerp and Hamburg are strategically located for all three markets. An importer from the Netherlands may import through Antwerp, an importer from Germany might import through Rotterdam. It all depends on logistical preferences. In terms of consumption, Germany is the biggest shrimp market, followed by the Netherlands and Belgium. However, in terms of imports, the Netherlands is the biggest, followed by Germany then Belgium.

The Netherlands imported almost 40,000 tonnes of Pacific white shrimp in 2018, Germany 30,000 tonnes and Belgium 22,000 tonnes. Contrary to imports in Southern Europe, imports in these three markets largely consist of raw, blanched and cooked peeled products and further value-added products. Consumers in North Western Europe are less likely to use whole shrimp in their dishes. They favour the convenience of a product that is easy to peel and ready or almost ready to eat.

Photo 2: Wok-ready chilled and garlic marinated shrimp, MAP packaged for Albert Heijn, the Netherlands' biggest supermarket chain

Source: Seafood Trade Intelligence Portal 2018

Pacific white shrimp is imported into North Western Europe in two ways: as a finished product mostly in retail or wholesale packs with peeled products ready to sell in retail and food service, or as bulk blocks of peeled products, which are imported by re-processors like Heiploeg (Parlevliet van de Plas), Klaas Puul (Dutch Seafood Company) and Morubel (Shore). These re-processors thaw the blocks, process them into the desired product and package them for distribution in retail or sale to other industry players.

The number of buyers for finished products is huge, while the number of buyers of bulk products is rather limited. That segment is rapidly consolidating because scale is required to remain competitive. This means that buyers for these companies look for increasingly big quantities for which they negotiate strongly on prices. The buyers of finished products often deal with smaller volumes, although it depends on whether they supply wholesale or retail markets. Suppliers of finished products for retail generally buy bigger volumes than those that buy for wholesale.

In the Netherlands, Belgium and Germany, other key buyers of frozen shrimp in addition to the bulk buyers mentioned above include Seafood Connection, Fisherman's Choice, W. G, den Heijer, Hottlet Frozen Foods, Thalassa, Anduronda, Hafro and Rassau.

United Kingdom: Europe's third largest Pacific white shrimp importer

The British market operates in a similar way as the markets in continental North Western Europe except that there is not a lot of trade in terms of imports or exports of Pacific white shrimp from the European mainland. Most Pacific white shrimp is imported directly from Asia or South America and consumed within the United Kingdom. In 2018, Pacific white shrimp imports into the United Kingdom totalled approximately 51,000 tonnes, making it Europe's third largest Pacific white shrimp market.

Raw and blanched peeled shrimp accounts for the biggest part of the United Kingdom's imports, at approximately 35,000 tonnes. The remainder consists of cooked peeled and further processed Pacific white shrimp. Much like in North Western Europe, shrimp is sold in retail as frozen, chilled or refreshed. The refreshed product is not sold in bulk but most often in MAP packages.

A few players with their own processing facilities dominate the United Kingdom's refreshed market. The frozen retail market and the wholesale market are managed by a larger number of importers.

Some of the key importers that supply the refreshed segment are Lyon Seafoods, J. Sykes and Sons and North Coast Seafoods. Some key players in the frozen segment in retail not active in the refreshed segment are the Big Prawn Company, Pacific West and CP Foods. Some examples of suppliers to the food service market that are not very active in retail include Yearsly, Seamark and Dockside. Companies active in retail are often also active in wholesale, but not the other way around.

Tips:

- Be sure to check the websites of Klaas Puul, Shore and Heiploeg and study their product portfolios if you are more interested in selling peeled products in bulk to markets in North Western Europe. It will help you to better understand what these companies are looking for.
- You need to be at the Seafood Expo Global if you are serious about doing business in the European Pacific white shrimp market. As a visitor you can meet new potential clients, and if your budget allows, you can participate as an exhibitor, which normally attracts business partners to you.

4. Which trends offer opportunities in the European Pacific white shrimp market?

European end users, and therefore your clients, are changing what they demand from their supplier in terms of sustainability and certifications. There is also a general shift towards convenience happening. At the same time, increasing global production of Pacific white shrimp, industry consolidation and negative trends, like mislabelling, put pressure on the bottom line of producers. Being aware of how these trends affect your business is an important ingredient to success in Europe.

Brine freezing

Brine freezing is rapidly becoming the preferred freezing method for HOSO Pacific white shrimp destined for the high-end processing market in Southern Europe.

Because freezing in brine is very rapid, the crystals formed inside the shrimp tissues are very small and only cause very small ruptures of cell membranes. Consequently, there is little liquid left after defrosting, and therefore a significantly lower loss of weight than is observed in the traditional freezing techniques, like air blast tunnels or contact plate freezers.

Other advantages include the penetration of salt into the superficial flesh resulting in better cooking yields when compared to other freezing techniques, so the shrimp texture remains similar to that of fresh shrimp. Like flavour, good texture is another quality criteria consumers appreciate.

Brine freezing of shrimp involves two steps. The first one is to decrease the temperature of shrimp to a range of -8ºC to -12ºC using brine. The second step involves reaching the deep-freezing temperature of -18ºC in an air blast tunnel.

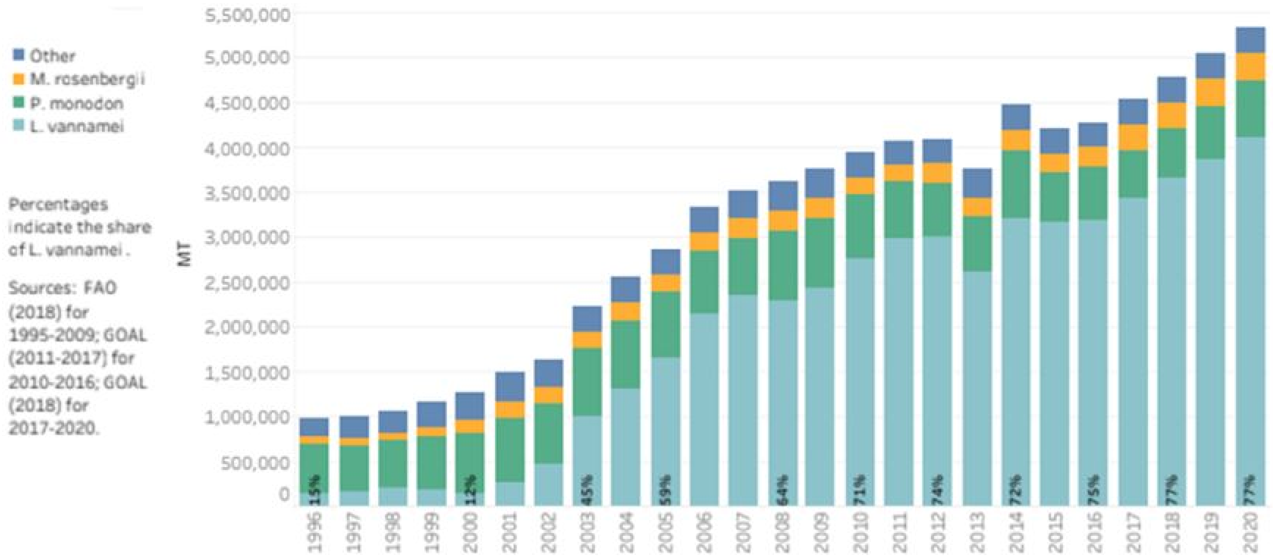
Tips:

- Learn more about the process and the advantages and disadvantages of brine freezing in this detailed article by the Global Aquaculture Advocate.
- Check this factsheet about a brine freezer to learn the specifics of an actual brine freezing line.

Global oversupply forcing prices down

All around the world, the production of Pacific white shrimp has been increasing. The two most rapidly expanding producers are Ecuador and India. However, other producing countries, including large producers like Vietnam and Indonesia, and small ones like Saudi Arabia and Iran, continue to expand their productions. For many years, the assumption was that the global market could absorb unlimited volumes of shrimp, mainly driven by the appetite of Chinese consumers for imported shrimp. This, however, turned out not to be the case in 2018.

Figure 3: Estimated aquaculture shrimp production presented in the GOAL conference, per species 1996–2020



Source: GOAL 2018

Asia’s first Pacific white shrimp harvest of 2018, in April and May, caused prices around the world to drop. Global production, at that time, was so high that markets could not absorb the shrimp without the drop. The bumper harvest came at a time that the European market was already overstocked and Chinese demand was lower than expected. The United States absorbed a big part of the bumper harvest but was able to negotiate low prices. Farm gate prices around the world dropped and many farmers complained of selling below production cost.

Although the market partly corrected itself in the second half of 2018 and first half of 2019, industry experts are convinced that global Pacific white shrimp production will increase more rapidly than global demand and that the lower prices seen in 2018 and in the first half 2019 are here to stay. They warn farmers and processors that dealing with lower price levels is the new reality. Lower prices will force producers around the world to become more efficient by adopting better management practices and new technologies that may help to reduce costs.

In the future, if you want to remain competitive in the Pacific white shrimp market, you will need to be able not only to produce a high-quality and sustainable product, you will also need to produce it at a competitive price. This will require you to work closely with farmers in your supply chain to support them to adopt those farming practices that can produce shrimps that meet your requirements.

Tips:

Read the open letter to ShrimpTails by George Chamberlain, president of the Global Aquaculture Alliance, motivating producers to think about a unified approach towards shrimp marketing.

Read the summary of a recent Rabobank report on Undercurrent News that says lower shrimp prices are the new reality of the global shrimp market.

Increased attention to labelling of glazing and soaking

Our trends study warns that problems with glazing and treatment of fish and seafood products are moving up the agenda of authorities and sector associations in North Western Europe. Although glazing and soaking both have their roles in moisture retention during processing and storage, both practices are also used to manipulate the price of the product. European authorities have been slow to address these issues, aware of the economic and health risks involved, but they are not expected to sit idle much longer.

Enforcing regulations is one thing, but whether or not the market starts correcting itself is another. Within the European shrimp market, tackling the mislabelling of shrimp products, especially peeled, has been increasingly debated. as importers that claim to be 'clean' complain that they are outcompeted by competitors that break the rules.

As a first step in market-led correction, importers are organising themselves through national or European sector associations to find a strategy to deal with these issues that can find support from the majority of importers. At the moment of writing this study, it is not yet clear what exact actions importers and their associations will take but it is clear that they are coming soon.

It is important to emphasise, once more, that although in the short term it may have benefits in terms of market share and margins, in the long term, if you apply malpractices yourself, this will have a negative impact on your reputation. It may even have economic consequences, such as fines imposed on you or your country of origin.

Shrimp importers sometimes point to the European poultry market as a comparatively 'dirty' market. In the last decade, however, Europe's poultry market has become heavily regulated and malpractices are now rarely seen. The same is expected to eventually happen in the shrimp and broader fish and seafood markets.

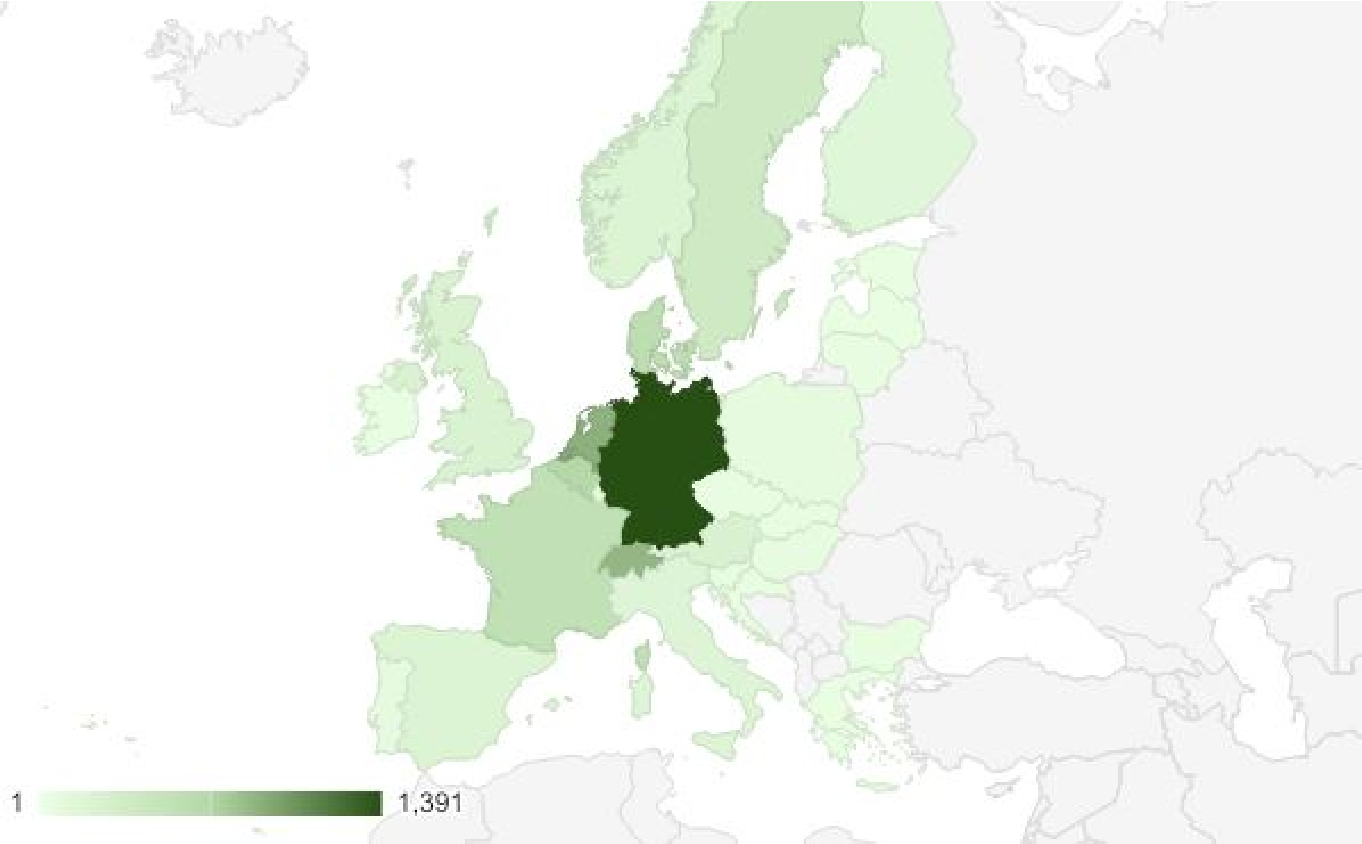
Tips:

- Read our study on trends in the European fish and seafood market to better understand the risks that mislabelling creates.
- Read our news item about the European Union's position on the issue of glazing and soaking.

ASC certification required in most retail markets

Since ASC implemented its shrimp standard in 2014, the number of ASC-certified shrimp products on the market expanded from only 500 products in 2014 to 1,500 products in 2015, then to 2,650 products in 2016, growing to 4,590 products in 2017 and almost 7,500 products in 2018. While commitments to sell ASC-certified shrimp started with retailers in North Western Europe, the deals soon extended to France, Spain and Italy. In the last two years, the number of ASC products on the Eastern European market has also expanded.

Map 1: Geographical distribution of ASC-certified products on the market on May 2018



Source: Aquaculture Stewardship Council (2019)

The biggest market for certified products is still in North Western Europe, but it is clear that within a few years, all of Europe, at least at retail level, ASC will become a hard market access requirement. Although commitments by food service companies and wholesalers are still less common, in the markets where retail adoption of ASC has taken hold, ASC-certified products are showing growth through new commitments in wholesale and food service as well. The same trend is expected to happen in Southern and Eastern Europe.

Tips:

Check the ASC's database to see which of your competitors have already been ASC certified.

See our study on trends in the European fish and seafood market to learn more about the growth of certified seafood in Europe.

Branding and storytelling growing importance

European consumers want to know more about the products they consume. They take interest in the background of sustainability and origin of the products they buy. This is also the case in shrimp, possibly more so than other seafood. The reason is that the shrimp market has commodified. With an oversupply situation, Pacific white shrimp is no longer a specialty product.

In a commodity market, if you want to set yourself apart, you need to show your customers and the consumers in the market that it is worth paying a higher price for a comparable product. The Ecuadorian shrimp sector, which claims to sell the best shrimp in the world, is trying to do this at the moment. They have developed the Sustainable Shrimp Partnership (SSP), which has committed to only sell ASC-certified shrimp. In addition, all shrimp approved by SSP will be antibiotics-free and fully traceable back to the pond.

By investing in marketing your shrimp as more sustainable or higher quality than the shrimp of your competitor you can realise better margins in the market. Think about the unique selling point of your product and your production and how you can better promote it in the market.

Tips:

Take a look at the website of the Sustainable Shrimp Partnership to see how they try to tell a story about their Pacific white shrimp and how they position it as a premium product.

Read our study on trends in the European fish and seafood market to better understand the effects of branding and storytelling on consumer choices.

Demand for convenience and value-added products

European demand for more convenience and value-added products is growing. For Pacific white shrimp, this is most visible in the retail segment in North Western Europe, where supermarkets increase their range of such convenient products.

The types of convenience products vary between North Western and Southern Europe. In North Western Europe, this mainly results in increased assortments of peeled Pacific white shrimp products that have a marinade in the package, such as in Photo 2. In Southern Europe, the demand for convenience products results in a broader range of peeled products.

If you are able to invest in the knowledge, technology and capacity to produce value-added products you might be able to gain from this trend. European importers and processors increasingly outsource the production of convenient products to producers in developing countries due to the high associated labour costs in Europe. If unable to make the investment, partnering with processors that produce these products can offer you market access.

Tip:

Check the web shop of Sainsbury's, a major supermarket chain in the United Kingdom to see what value-added shrimp products they are selling. Look into the chilled and frozen products to get an understanding of the types of products you could try to produce.

Consolidation and specialisation

Private equity firms have invested in some of the larger shrimp processors, while global fishing giants have acquired others. In general, big European importers are becoming bigger and smaller European importers are becoming more specialised to maintain their positions in the market. Read our trends report to make sure that you are aware of the way that consolidation and specialisation could affect your industry. Producers that do not adapt often lose market share to producers with either lower prices or a higher degree of specialisation.

This means that you should be aware that some buyers might be connected to other buyers through ownership. The bigger groups might be focusing more on trading big volumes and might be uninterested in trading niche products. Some of the smaller companies specialising in niche products, however, try to stay away from the commodity business.

Tips:

- Read Undercurrent News' recent report for a detailed overview of mergers and acquisitions in seafood in the European market.
- Read our trends report to learn more about the effects of consolidation on the European seafood market.

The study has been carried out on behalf of CBI by Seafood Trade Intelligence Portal.

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