European Commission

EUMOFA

European Market Observatory for Fisheries and Aquaculture Products

ORGANIC AQUACULTURE IN THE EU

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AQUACULTURE TODAY & TOMORROW
Unlock the Potential

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Content of the presentation

- **Context, methodology and objectives of the study**
- **Development of organic aquaculture**
  - State of play by MS
  - State of play by species
- **Economic performance**
- **Overview of demand**
- **Market perspectives**

Context

- Context :
  - first attempt to assess the importance of EU organic aquaculture at EU level and for each of the MS
  - study carried out (2016) and published (April 2017) by EUMOFA
  - comprehensive updating considered for 2020

Context, methodology and objectives

- Aims of the study :
  - ☑ State of play
  - ☑ Assessment of the economic performance (price premiums, differences in production costs, beneficiaries of added value in the supply chain)
  - ☑ Market perspectives

- Methodology :
  - ☑ Literature review
  - ☑ Interviews with certified organic aquaculture producers (ensuring that the main species and production areas are covered)
  - ☑ Interviews with a few large-scale retailers and wholesalers

Synthesis by MS – 2015
(tonnes)

MS	Total production	Organic production	%organic	Main species
Ireland	39.650	**22.000**	*55,5%*	13.000 tonnes Atlantic salmon 9.000 tonnes mussels
Italy	148.763	**5.400**	*3,6%*	5.000 tonnes mussels 174 tonnes seabream 90 tonnes rainbow trout 95 tonnes mullets
France	206.800	**5.400**	*2,6%*	2.300 tonnes rainbow trout 1.000 tonnes mussels/oysters 900 tonnes seabass/seabream
Hungary	17.337	**3.498**	*20,2%*	Mostly carp
United Kingdom	206.834	**3.200**	*1,5%*	3.182 tonnes salmon 200 tonnes trout
Denmark	35.867	**2.864**	*8,0%*	1.634 tonnes trout 1.229 tonnes mussels
Romania	11.042	**2.728**	*24,7%*	2.042 tonnes carp
Spain	289.821	**1.353**	*0,5%*	409 tonnes rainbow trout 233 tonnes seabream 550 tonnes mussels 157 tonnes seabass 4 tonnes sturgeon
Portugal	9.322	**1.300**	*13,9%*	Mussels
Lithuania	4.450	**1.117**	*25,1%*	90% common carp 10% other freshwater fish
Germany	29.909	**621**	*2,1%*	Mostly trout
Greece	106.118	**400**	*0,4%*	400 tonnes seabass/seabream
Croatia	15.572	**300**	*1,9%*	Mostly seabass
Other	180.000	**260**	*0,1%*	Carp/trout/perch (Austria, Latvia, Poland) Mussels (Bulgaria, Slovenia)
Total	1.301.484	**50.441**	*3,9%*	

SALMON

EU production of Atlantic salmon in 2015 (tonnes)

MS	Total	Organic	%organic
United Kingdom	186 500	3 000	1,6%
Ireland	13 000	13 000	100%
Total 2 MS	199 500	16 000	8%

TROUT

EU production of rainbow trout in 2015 (tonnes) – main producing countries

MS	Total	Organic	%organic
France	36 700	2 300	6%
Denmark	38 000	1 600	4%
Spain	15 900	400	3%
Germany	9 100	300	3%
UK	15 000	200	1%
Italy	38 000	90	0,2%
Total 6 MS	152 700	4 800	3%

SEABASS/SEABREAM

EU production of seabass/seabream in 2015 (tonnes)

MS	Total	Organic	%organic
Greece	110 000	400	0,4%
Spain	37 600	400	1%
France	3 500	700	20%
Croatia	9 000	300	3%
Italy	13 800	200	1%
Total 5 MS	173 900	2 000	1%

MUSSELS

EU production of mussels in 2015 (tonnes)

MS	Production		
	Total	Organic	%organic
Spain	270 635	550	0,2%
Ireland	16 000	9 100	57%
Denmark	1 869	1 229	66%
Portugal	1 244	1 300	?
France	75 100	2 000	3%
Italy	63 700	5 200	8%
Total 6 MS	428 548	19 379	5%

Economic performance

Economic performance of organic production varies depending on MS and species grown

Salmon	**Organic salmon provides good sales price premiums (+30-35%), which on average cover extra costs generated by organic farming (+20-30%) in a context of positive development of international demand**
Seabass/seabream	**Organic farming of seabass and seabream allows producers to reach price premiums (+30-35%) which however are lower than the additional costs occurred (+30-45%), in a context of limited market expansion**
Trout	**Organic trout farming leads to significant price premiums (+30%) and extra margins compared to conventional aquaculture (extra costs +15-18%), with good demand, in particular from the smoking industry**
Mussels	**Organic mussel farming, which developed more recently, is benefitting from a strong demand and can reach 20% price premiums**
Carp	**Organic carp cannot cover its extra costs with equivalent sales price premiums and would suffer heavy losses without EFF subsidies**

Economic performance

Example : seabream in Greece – october 2016

EUR/kg	Organic	Conventional
Cost of Juveniles	1,60	1,00
Feed cost	3,00	2,00
Labour and other costs	1,90	1,90
PRODUCTION COST	**6,50**	**4,90**
Packaging/distribution	0,80	**0,70**
Certification cost	0,03	-
Operating cost and margin	0,67	0,50
SELLING PRICE	**8,00**	**6,10**

Source : EUMOFA

Example : supply chain seabass/seabream
EUR/kg

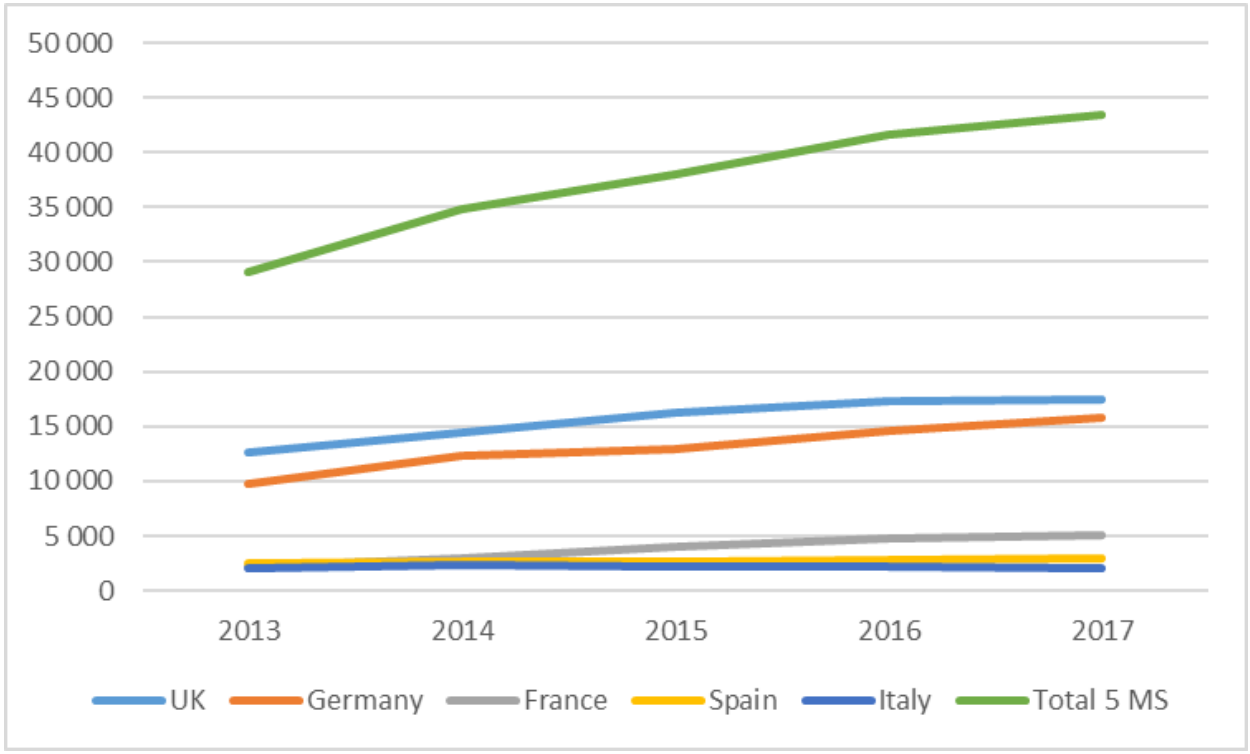
Supply chain	Conventional	Organic
Farmer's price	6,40	8,60
Cost of gutting and gutting loss	1,40	1,70
Price of gutted fish	7,80	10,30
Processing, trade & retail margin	5,70	10,00
Consumer price	13,50	20,30

Source : OrAqua

Market acceptance

Clear increasing demand for organic aquaculture products

EU market for organic fish and seafood : +73% between 2013 and 2017, to reach almost 50 000 tonnes in 2016



Market acceptance

Slowing pace of the growth momentum from 2015 onwards

tonnes	2013	2014	2015	2016	2017	*2015%2013*	*2017%2015*
UK	12 600	14 500	16 300	17 300	17 500	*+29%*	*+7%*
Germany	9 700	12 300	12 900	14 600	15 800	*+33%*	*+22%*
France	2 200	3 000	4 000	4 700	5 000	*+82%*	*+25%*
Spain	2 500	2 600	2 600	2 800	3 000	+4%	+15%
Italy	2 100	2 400	2 200	2 200	2 100	+5%	-5%
Total 5 MS	29 100	34 800	38 000	41 600	43 400	+31%	14%

Source : EUMOFA, based on Euromonitor

Market acceptance

Clear increasing demand for organic aquaculture products

EU supply : sharp increase of organic fish production in the last years for the major species

EU organic aquaculture – Evolution of production 2012-2015 (tonnes)

	Salmon	Rainbow trout	Seabass/seabream	*Source*
2012	12 540	1 617	1 614	*EAS*
2015	16 000	4 800	2 000	*EUMOFA*

Increase of imports : shrimps, tilapia, pangasius, salmon

Growth likely to continue but at a slower pace, due to some limiting factors

Constraints limiting the development of this market : retailers' perspective

- **Organic = minor concern**

  Organic concerns have not yet emerged as a major issue for a number of EU large-scale retailers, who are more concerned about finding regular supply of aquaculture products in general than about proposing some organic fish offer

- **Responsible/sustainable comes before organic**

  Organic fish is not either necessarily a key priority for both large-scale retailers and specialized organic retailers, who may prefer sourcing wild fish coming from "responsible fisheries" or aquaculture fish "farmed responsibly", both with recognized labels (MSC, ASC…), rather than organically-certified aquaculture products

- **Organic = sourcing problem**

  Some large-scale retailers buying organic fish do not source it in the EU because of the absence of guarantee on availability and prefer to buy a limited number of products from extra-EU suppliers more likely to provide regular supply in both quantity and price

- **Unstable consumer base**

  Retailers' reluctance towards organic fish is also based on the observation that, in the consumers' mind, organic is not clearly differentiated from environmental-friendly.

Constraints limiting the development of this market : consumers' perspective

➢ **Price**

Key factor likely to limit the demand for organic products

The price premium is likely to make organic products remain a niche market.

➢ **Limited range of products available**

➢ **Sustainable is a big competitor to organic**

- ❖ **Consumers' concerns more linked to sustainability than to organic farming conditions ➔ organic logo can be less satifactory than well-known ecolabels**
- ❖ **Confusion in the consumers' mind : what is organic what is not, and why ? Example : carp**
- ❖ **Skepticism about the relevance of organic fish, due its overlap with several available concepts such as sustainable, biological, ecological, fair trade and environmental-friendly, is a major issue for the future.**

Conclusions

Main conclusions on state of play and perspectives

- Strong increase of EU production and demand in the last years
- Organic aquaculture has acquired a dominant position for some species in some MS
- Insatisfaction at farmer level : economic performance of organic aquaculture cannot always be taken for granted
- Reluctance at retailer level
- Confusion at consumer level

Conclusions

Steps to take to foster the development of organic aquaculture

- **Foster a significant increase of the production level of organically-farmed fish = only way to achieve economies of scale and reduce production and distribution costs**

- **Focus on a few major species**
  - **likey to meet large-scale retailers' demands in terms of regularity of supply and price stability,**
  - **likely to gain new markets, currently inaccessible**

- **Strengthen the identity, credibility and readability of organic labels in front of ecolabels**

- **Make sure that organic fish farmers and regulatory authorities in MS have optimal access to information on EU regulations and funds eligibility, so as to avoid that lack of knowledge hampers potential growth**

- **Inform fish farmers on real costs of organic production, especially certification costs, which are perceived as higher than they really are**

- **Envisage means to increase retailers' and consumers' knowledge of new aquaculture species with high potential (e.g. meagre)**

EUMOFA

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