

## Global fish trade reaches record high this year

The UN Food and Agricultural Organization (FAO) has forecast that the world fish trade is to hit an all-time high this year, helped by the economic recovery in key European importers, as well as high prices of popular fish such as salmon.

The FAO also explained that the value of the global fish trade is expected to rise more than USD 150 billion this year, representing an increase of about 7 per cent compared with 2016, putting 2017 on course to eclipse the previous record of USD 149 billion in 2014 as demand for salmon and shrimp increases, The Financial Times reported.

“International trade in fish had experienced sustained demand from a number of the traditional import markets like the US, Japan, France and Spain,” said Sigbjorn Tveteraas, professor of industrial economics at University of Stavanger in Norway.

Fish has been the largest traded food commodity, supported by the growth in aquaculture, which has been the fastest growing food production sector over the past 20 years. Rising incomes in developing countries has spurred greater consumption of meat and fish.

Compared with most other agricultural businesses, such as grains, fish producers have offered higher returns. Salmon producers, for example, have generated total shareholder returns — the combination of share price gains and dividend yield for a company’s stock — of 45 to 60 per cent since 2012, according to calculations from the Boston Consulting Group (BCG).

BCG gave the example of salmon producer Marine Harvest, which generated average annual total shareholder returns of 47 per cent during the five years to 2016. This compares with the protein sector’s 17 per cent return and 7 per cent for the whole agricultural sector.

Such returns have prompted agricultural companies to push into fish production. Cargill, the leading US agricultural trader that handles everything from wheat to poultry, bought Norwegian fish feed supplier Ewos for EUR 1.35 billion two years ago, while Japanese conglomerate Mitsubishi paid USD 1.4 billion for Norwegian salmon producer Cermaq.

Fish production is expected to continue to grow thanks to fish farming, according to the FAO. The global aquaculture market is expected to continue growing at four to 5 per cent a year over the next decade, with global farmed fish production forecast to expand a third by 2026.

“Global aquaculture production is anticipated to exceed the 100 million tonne mark for the first time in 2025 and to reach 102 million tonnes by 2026,” said the organisation.

However, growth in aquaculture is expected to bring further challenges to the industry that is affected by problems such as disease and pests. In the salmon sector, prices hit record levels in 2016 on the back of sea lice outbreaks in Norway and algae blooms in Chile, which decimated the global supply of salmon in 2016. Prices have remained relatively high and experts warn that further investment in new farms and technologies is likely to raise costs for the aquaculture industry.

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