



## Analyst: Pelagics market potential even greater if coastal states reach fishing agreement

The market potential of north Atlantic pelagic fish may become even more important if the coastal states succeed in negotiating sustainable management measures, noted Finn-Arne Egeness, an industry analyst with Nordea.

The European coastal states meeting concluded at the end of October, with delegations from the EU, Faroe Islands, Greenland, Iceland, Norway, Russia and the UK reaching an agreement on the management measures for mackerel, blue whiting and Atlanto-Scandian herring in the northeast Atlantic for 2022. They have agreed to follow scientific advice for a total quota, but negotiations will continue over how each country's shares of that total are reached.

Over the years, companies working with these stocks have benefited from increased demand both from the fishmeal and oil sector and the human consumption market, as fish are utilized and distributed better and further, wrote Egeness.

"The biggest challenge for the industry is undoubtedly the distribution of the total quota," he said. "The coastal states in the northeast Atlantic have apparently agreed on how much to fish, but not on how the quota should be distributed. As a result, several species have lost their MSC [Marine Stewardship Council] approval. For example, mackerel fishing has been 36% higher than recommended in the last 10 years."

This year, it is expected that fishing for Norwegian spring-spawning herring will be 28% higher than recommended by the International Council for the Exploration of the Seas.

"The price effect on fish for human consumption has so far been limited [by the MSC loss]," he said. "However, blue whiting fell in price this spring





because fishmeal and oil produced from blue whiting without MSC approval could not go to the producers of feed for Atlantic farmed salmon, which typically has the highest willingness to pay for fishmeal and fish oil."

Perhaps the biggest success story when it comes to preserving the value of pelagics is herring, he said, where more than half of the herring landed for consumption is filleted.

"This means that you can sell the fillet to the highest paying markets in Europe, while the offcut goes to the production of fishmeal and oil, which in turn becomes feed for Atlantic farmed salmon. The income is further stimulated because you are able to utilize the roe in the period when the herring has just that. Today, both industry and the research community invest significant sums to fillet mackerel before export. This will ensure access to large amounts of trimmings. In addition, costs related to transport and packaging will fall, at the same time as the need for storage is reduced."

There remains a significant portion of further processing that is done to herring fillets closer to market -- an opportunity for Norway, "but customs barriers make it demanding".

"If all opportunities are exploited, the pelagic sector will become even more important. It will benefit everyone. The prerequisites, however, are that the stocks are sustainably managed," he concluded.

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