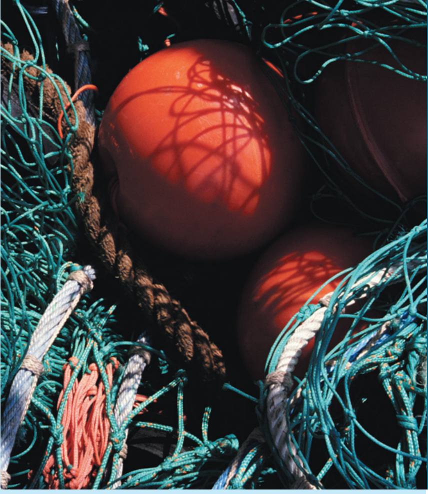


GLOBEFISH

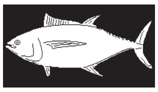
SEAFOOD HIGHLIGHTS

10/10/2008

Economic crisis impacts world shrimp market

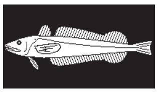
Demand for shrimp is rather slow in all main consuming countries. In this period of economic crisis, consumers change their habits and turn to inexpensive food products. Prices of shrimp continue to be low, and are expected to stay that way, given the weak demand in all main markets.

Tuna raw material prices realign



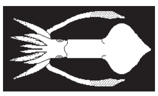
The realignment of relative raw material prices that started in July has continued since then. The price of tuna in Bangkok is now lower than in Ecuador thereby returning the tuna market to customary pricing differentials.

Groundfish situation a disaster



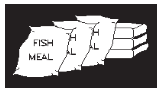
The resource situation for all groundfish stocks is difficult. At present, quotas for Alaska pollack are in free fall, while cod resources are overexploited and therefore cod catches have declined sharply during the past decade. Consumers are being offered inexpensive alternatives in the form of aquacultured species

Bleak squid market



Squid prices continued to be low, due to limited buying interest in Japan and the rush by Argentine squid fishing fleet to sell at discounted prices. This situation is continue to persist until early 2009, when the new squid fishing season in the SW Atlantic will start.

High prices of fishmeal



Overall 2008 fishmeal production was reportedly short on the corresponding 2007 level. Price developments depend on the demand from China, as already experienced in previous years.

Less fish oil

Fish oil production mirrored that of fishmeal, and outputs in 2008 declined.

Seabream prices very low

Seabass/ Seabream

The overall situation in the European market is mixed at the moment: bream prices are extremely weak giving producers great room for concern. Bass prices on the other hand are holding up well.

Low Chilean salmon supply

Salmon

The market for farmed salmon has been remarkable stable lately, to some extent a result of production problems in Chile which are limiting supply. Prices, although lower than in 2007, are adequate for most producers.

China tilapia production starts to recover

Tilapia

Tilapia supply to the US market was curtailed by the problems experienced by Chinese producers during the cold winter 2007-2008, which destroyed several tilapia production centres. As a result, supply is extremely low.

SHRIMP

Economic crisis impacts world shrimp market

Demand for shrimp is rather slow in all main consuming countries. In this period of economic crisis, consumers change their habits and turn to inexpensive food products. Likewise eating out is likely to be reduced, one of the main outlets for shrimp consumption. This gloomy situation is now also present in the EU, an area which was more positive for shrimp consumption earlier this year. Prices of shrimp continue to be low, and are expected to stay that way, given the weak demand in all main markets.

Less shrimp consumed in Japan

The declining trend in shrimp consumption persisted in Japan during the first half of the year, although the yen remained strong and shrimp prices were stable in the international market.

Along with an overall drop in fishery imports, shrimp imports during January-June were also lower than the same period last year. In the domestic economy, high energy and food prices along with declining real wages are affecting Japanese consumer spending, which accounts for an estimated 55% of Japanese GDP. Japanese economic output shrank 0.06% during the second quarter of this year, affecting domestic spending on food including fishery products.

During January-July 2008, an average household in Japan consumed 4.05 kg of shrimp which is 4.20% less than the same period last year. With the exception of cooked frozen shrimp, imports fell for all other types during this period. The current market situation is a reflection of this trend.

The summer festival (Obon) celebrated during mid-August coincided with the Beijing Olympic games when many stayed indoors to watch the events on television. Business, however, was brisk for the 'take-away' catering trade, which favoured prepared shrimp products.

Doyono usinohi, the annual eel-eating season, also influenced negatively shrimp consumption in Japan. This traditional consumption period for eating eel fell between 24 July to 5 August when the intake of kabayaki (roasted eel) and other eel-based food was high throughout Japan.

Slow down in Japanese shrimp imports

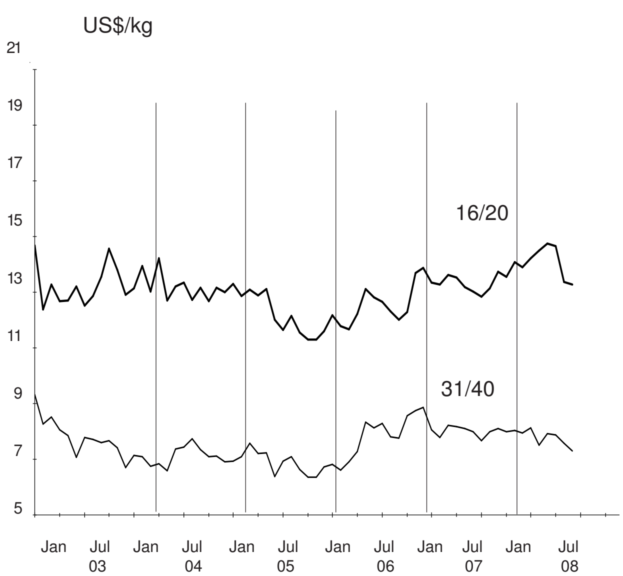
During January-June this year, shrimp imports into Japan amount to 115 000 tonnes with an import value of US$ 968 million against 116 900 tonnes and US$ 940 million last year. Supplies fell for all product forms except cooked frozen

Imports
Shrimp (frozen raw): Japan

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
			(1 000 tonnes)			
Viet Nam	55.5	54.6	51.1	40.0	13.5	15.6
Indonesia	48.6	45.6	43.7	37.1	18.6	17.9
Thailand	17.2	18.4	20.1	26.4	10.5	10.4
India	31.6	26.3	28.5	27.0	9.4	9.3
China	22.6	24.1	22.8	24.0	8.8	7.4
Russia	8.9	10.4	9.5	8.9	5.0	5.2
Canada	8.5	8.1	8.7	7.6	3.8	3.8
Greenland	7.7	7.5	6.8	5.4	2.7	2.6
Malaysia	3.2	3.1	3.1	4.2	1.7	2.0
Philippines	6.3	6.2	5.3	4.3	1.8	1.6
Argentina	2.4	0.6	3.4	1.9	0.5	1.6
Australia	3.6	3.6	3.2	1.9	0.4	0.4
Others	25.3	23.9	23.8	18.6	8.6	6.3
Total	**241.4**	**232.4**	**230.0**	**207.3**	**85.3**	**84.1**

Source: GLOBEFISH AN 10127

Wholesale prices
Shrimp*: Japan



*Black tiger, headless, shell-on, origin: Indonesia
Source: INFOFISH Trade News; GLOBEFISH AN 10226

shrimp that registered a 15% growth. Thailand was the leading supplier in over all shrimp imports, accounting for a 22% market share, which mostly consisted of higher value products.

The share of raw frozen products in total shrimp imports remained stable at 73% but supplies declined compared to last year. Among the top ten suppliers in this category, imports increased only from Viet Nam and Bangladesh.

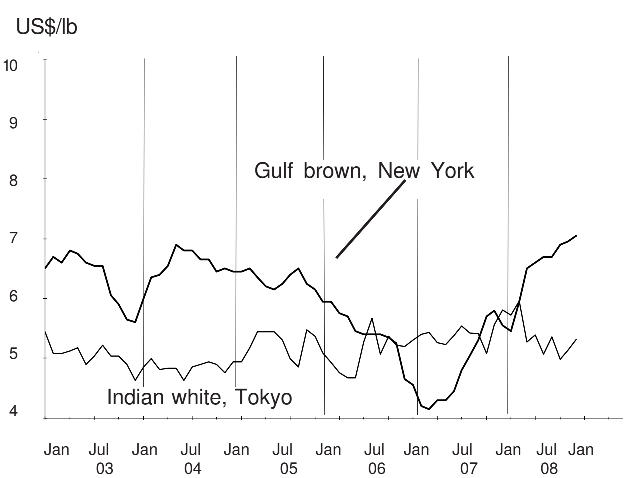
Offer prices, during the last week of August increased from most sources. High quality black tiger shrimp from India was sold at nearly US$12/kg for 16/20 headless shrimp. Export prices from Indonesia were also firm. Only Vietnam continues to quote lower than the others as many in the industry face cash flow problem and bank interest rates increased to a high of 21% in Vietnam.

During mid September, export prices of frozen shell-on black tiger shrimp from Viet Nam came down to US$ 9.80-10.00/kg, CFR Japan, causing confusion in the export market. The situation was mainly linked with the news on food poisoning associated with imported frozen squid from Vietnam.

Vannamei suppliers turn to tilapia farming

The supply forecast in Thailand indicated lower harvests of vannamei than last year as many shrimp farmers are shifting from vannamei to tilapia and black tiger shrimp. The Federation of Shrimp Farmers Cooperatives of Thailand plans to convert 30% of their shrimp farms (mainly vannamei) to tilapia aquaculture. Export prices of vannamei have gone up from Thailand compared to last year.

Wholesale prices
Shrimp*: USA, Japan



*Frozen, headless, shell-on, 16-20 count
Source: INFOFISH Trade News, GLOBEFISH AN 10205, 10206

Imports
Shrimp: USA

	Jan-June					
	2003	2004	2005	2006	2007	2008
	(1 000 tonnes)					
Thailand	49.8	61.4	58.1	68.6	75.3	70.7
Indonesia	10.8	17.8	25.4	31.9	26.1	43.2
Ecuador	20.2	21.3	26.0	32.5	32.9	31.8
China	17.6	29.0	17.0	25.7	27.8	23.4
Viet Nam	21.7	21.0	14.9	15.0	12.4	15.0
Malaysia	0.8	2.2	4.7	7.6	7.7	10.4
Mexico	4.9	5.5	6.0	7.1	11.8	7.8
Bangladesh	2.1	4.7	5.3	7.4	5.9	5.2
Guyana	6.8	5.5	5.3	4.6	5.0	5.2
India	19.2	18.6	13.4	11.5	7.4	5.2
Peru	0.9	1.7	2.4	3.0	3.6	4.1
Venezuela	5.7	9.2	7.0	5.4	6.1	3.4
Others	34.1	29.4	21.1	17.6	14.1	10.6
TOTAL	**194.7**	**227.4**	**206.5**	**238.1**	**236.2**	**236.0**

Source: NMFS

In August, heavy rain falls in the southern states of India affected farming and fishing activities. Raw material prices moved up, although the Indian rupee has slightly weakened against the US dollar.

Over the last few years, supplies of black tiger shrimp from Myanmar to the Japanese market increased significantly. However, this year's farming has been severely disrupted in Myanmar by the cyclone "Nargis'.

The general crisis changes US consumer habits

The economic downturn is reported to be changing US consumer habits. According to a survey prepared by Nielsen on 50 000 consumers, about two thirds are reducing their expenditure, and about half of them are eating out less. Also, about one third of shoppers are turning to lower priced products. On the other hand, a study published by Unilever based on a survey of 47 000 consumers showed that they are less likely to cut back on retail seafood than other foods, although the frozen meals are likely to suffer reduced purchases. These trends are likely to affect the demand for shrimp in the restaurant sector, as one of the main trade channels, while the effect on household consumption is not clear yet.

US shrimp imports remain stable

US shrimp imports in the first half of 2008 totaled 236 000 tonnes remaining almost unchanged in terms of volume compared to the same period in 2007, while import value grew 2.4%. These variations result in a 2.5% increase of the unit value of imports, accounted for mainly by the growth of the unit value of purchases of frozen shell-on.

Frozen shell-on continues to be the most important category, accounting for 40% of the imported volume and 41% of the value (94 000 tonnes, worth US$ 680 million). The main supplier of headless shell-on was Ecuador, accounting for 26% of total supply of this product.

The second most important imported item is peeled frozen shrimp, with 74 700 tonnes worth US$ 545 million, it accounted for 32% and 33% of total volume and value of imports. Comparing these figures to the same period in 2007, purchases from foreign countries grew 3% in quantity and 1% in value. The main supplier of this line of production was Thailand with a 27% share, followed by Indonesia with a share of 24%. It is interesting to note that the two categories already mentioned increased their share in total supply of imported shrimp, mainly at the expense of breaded frozen shrimp and other frozen preparations.

In the breaded frozen segment, China remains the top supplier, but sales from this country fell both in volume and value (-25% and -29% respectively). Thailand now prefers to do part of the breading themselves, rather than exporting the raw material to China. Thus exports from Thailand grew substantially.

Overall, Asian nations still dominate US shrimp imports: Thailand, Indonesia, China and Viet Nam concentrate 65% of total imports. Ecuador is an important supplier with a 13.5% share. Asian nations supply more value-added products, while Latin American countries export mainly frozen headless shell-on.

New antidumping duties

After the second administrative review, the US Department of Commerce reduced the antidumping duties for several companies from Thailand, India and Viet Nam. In the case of Thailand, Thai Union Frozen Products, one of the main suppliers of shrimp worldwide, had its duty reduced to 2.85% from a previous high of 15.3%, and the average duty for Thai exporters was set at 5.95%. The duty reduction also favoured more than two dozen other companies. In the case of Viet Nam, four exporters will be exempt from the antidumping tax, twenty-three will have a rate of 4.57% and others will have to pay up to 25.76%. The Vietnam Association of Seafood Exporters and Producers (VASEP) expressed its concern that these rates are higher than expected, and could make the Vietnamese industry less competitive than the other countries in the region. As for India, the review set the duty rate at 1.69% (previously it was set at 7.22%). This country is, however, urging the USA to adopt the resolution from the WTO to abolish the practice of bonding for shrimp imports. The USA, meanwhile, has asked for a "reasonable period of time" to implement the rulling, which some analysts see as delaying tactics wit hthe presidential elections imminent. The Gulf of Mexico shrimp sector is seen as very important in the USA.

Lower US domestic production

Domestic production has been affected by several tropical storms and hurricanes. Although the fleets have not been as seriously damaged as at the time of the hurricane Katrina, the main damage was on land, resulting in a lack of fuel and ice. Prior to the storms, many operators tried to sell their stocks, at much discounted prices. Despite the reduction in domestic shrimp supplies, no significant price increases are expected, as demand remains dull and imported products set a roof on prices. US landings of shrimp between January and June were 22% lower than in 2007 falling to 26 000 tonnes. The outlook for the US domestic shrimp sector is not very good, as it has been seriously affected by higher fuel prices and low prices. In the long run, this should result in a reduction in the number of vessels.

Imports
Shrimp (by product forms): USA

	........................Jan-June...............................			
		2007		2008
	Tonnes	1000 US$	Tonnes	1000 US$
Peeled frozen	72 574.9	539 944.2	74 764.9	545 324.0
Breaded frozen	21 898.7	108 709.5	20 785.6	100 781.6
Other frozen	44 261.8	299 462.1	38 031.7	276 409.6
Other pre.	556.8	3 250.2	711.7	3 570.0
Headless shell-on frozen				
All sizes	*94 464.7*	*637 576.2*	*98 832.6*	*699 112.2*
< 15	11 524.7	149 133.2	9 697.2	123 668.6
15/20	6 354.1	60 035.3	6 604.6	66 582.4
21/25	8 871.8	74 410.0	11 309.0	97 601.1
26/30	10 045.8	70 598.0	15 576.6	109 870.5
31/40	17 324.7	100 739.8	18 543.8	111 986.0
41/50	11 447.6	56 326.3	12 720.1	69 870.2
51/60	14 301.5	68 312.6	12 600.2	64 868.1
61/70	7 560.9	31 183.3	7 086.6	34 251.3
> 70	7 033.7	26 837.7	4 694.3	20 413.9
Others	2 442.7	20 409.7	2 896.5	23 344.7
Total general	**236 199.6**	**1609351.9**	**236 023.1**	**1648542.2**

EU is no longer an exception to the gloomy shrimp situation

The European Union - which at the beginning of the year was the only exception to a depressed world shrimp market – is now notably showing signs of decline. Although it remains the largest market region for shrimp imports, lower availability from some major supplying countries coupled with a decreasing purchasing power in all European countries led to a change in consumers habits.

During the first half of 2008, shrimp imports in the EU decreased by 10% compared to the same period last year, with 337 600 tonnes, worth € 1 667 million. Intra-EU shrimp imports amounted to 91 000 tonnes, corresponding to a 13% decrease on last year.

Among the top importers in the European Union, France was the only country to register an increase in its shrimp imports during the first half of 2008. Spain and Italy continued to experience a drastic drop while the decrease recorded by Germany was only minor. At the beginning of this year, the UK gave signs of recovery, later saw again its total shrimp imports decrease somewhat due to a fall in the cooked and peeled sector.

Imports
Shrimp: Spain

	Jan/June					
	2003	2004	2005	2006	2007	2008
				(1 000 tonnes)		
China	0.6	0.5	9.8	12.3	13.4	13.1
Ecuador	1.8	3.8	4.8	7.2	9.8	11.2
Argentina	10.4	11.7	3.7	4.5	12.7	6.2
Morocco	3.9	3.5	4.0	2.9	3.3	3.8
Colombia	2.0	2.1	3.1	2.9	2.6	2.4
Belgium	0.9	1.2	1.4	1.2	1.6	1.8
Venezuela	0.3	1.1	1.8	2.3	2.0	1.7
Mozambique	1.3	1.2	0.7	1.6	1.4	1.5
Netherlands	1.9	1.8	1.9	2.0	2.3	1.4
Senegal	1.7	1.6	1.6	1.3	2.1	1.4
Cuba	0.6	0.5	1.1	1.7	2.1	1.4
Portugal	1.1	0.5	0.6	0.6	0.6	1.2
Peru	0.4	0.5	0.6	0.8	0.9	1.0
France	1.0	1.0	1.2	0.8	1.9	1.0
Others	23.6	28.7	20.9	21.8	17.8	10.0
Grand Total	**51.5**	**59.8**	**57.3**	**64.1**	**74.6**	**59.0**

Source: GLOBEFISH AN 010150

Ecuador becomes predominant in EU market

Ecuador and Greenland shared the lead among top suppliers to the European Union, with respectively 10% market shares of total EU-27 shrimp imports each, although in two different segments of the market. Denmark and India took the third and fourth positions with 8% and 7% market shares.

Ecuador was only third supplier to the European market last year, but managed to increase by 15% the volume of its exports to this region. 93% of Ecuadorian exports to the EU were in frozen whole form. On the other hand, almost the whole of Greenland coldwater shrimp exports (32 500 tonnes) was intended for Denmark and mainly for processing (65% was exported in whole frozen form and 35% in processed form)

Total Spanish shrimp imports plummeted compared to the same period last year (-21%) due to a drop of 50% in the availability of *Pleoticus muelleri* from Argentina coupled with slightly lower volumes of Chinese origin. The boom of Ecuadorian products in Spain (+15%) was not sufficient to counterbalance the reduction of availability from other origins. Official landing figures from Argentine authorities show a striking 66% decrease for the period January-May 2008 compared to the same period last year, from 21 200 tonnes in 2007 to 7 000 tonnes in 2008.

As with Spain, Italy registered a sharp drop in its shrimp imports during the first half of 2008 (-13% on last year figures) with only 28 500 tonnes. Argentine imports were only of 1 900 tonnes against 3 600 tonnes last year.

Imports
Shrimp: Italy

	Jan/June			
	2005	2006	2007	2008
		(1 000 tonnes)		
Ecuador	7.2	8.9	8.7	8.6
India	2.2	2.1	2.1	2.8
Denmark	2.9	3.0	2.9	2.8
Argentina	0.9	1.2	3.6	1.9
Spain	1.6	1.5	2.6	1.6
Netherlands	1.4	1.3	1.2	1.2
Malaysia	1.6	1.6	1.3	0.9
UK	1.2	1.2	1.0	0.9
Tunisia	1.3	0.9	0.9	0.9
China	0.8	1.1	1.9	0.7
Vietnam	1.1	1.1	0.6	0.7
Others	5.9	6.2	5.1	5.5
Total	**28.1**	**30.1**	**31.9**	**28.5**

Source: GLOBEFISH AN 010148

Demand continues to expand in France, including for expensive products

France was the only country where there was continuing demand for shrimp, with 46 000 tonnes imported in January-June 2008. Ecuador had a predominant position on the French market (20% market shares of total French imports) consolidated further with a 40% increase on last year figures. However, it is interesting to note that apart from vannamei (average unit value: € 3.30/kg), the French market supports higher-price products such as black tiger from India (average unit value: € 4.52/kg) and wild shrimp from Madagascar (average unit value: € 8.27/kg). Notwithstanding the economic slow down, consumers continue to be mindful of quality issues and to show interest for expensive products. Madagasca increased its exports to France by 30% compared to last year. In August, Madagascan shrimp, through Gel-Pêche, received the certification from "Friend of the Sea" for sustainable seafood. This label is awarded for no over-exploitation, reduction of by-catch, and respect of the environment. In the future, imports from Madagascar may increase further. Regarding sustainability, the Bangladeshi government has recently drafted a new policyaimed at expanding the shrimp industry in a sustainable way. This comes after an unfavorable report from the EU that found harmful substances in shrimp from Bangladesh, and after an EU threat of import restrictions from this country. On the French market, Bangladesh was successful and managed to triple its shrimp exports in one year, and it remained one of the major suppliers to the UK and German markets. However, virus problem and more scrutiny from the EU may cause more difficulties in future.

The cooked and peeled sector in UK weakens

The positive trend in shrimp imports registered by UK at the beginning of this year did not last and volumes in January-June 2008 showed a decrease of 3% compared to the same period last year (although in terms of value imports increased by 2%). UK imported 33 900 tonnes of shrimp at a value of € 133 million. Similarly to 2007, coldwater shrimp products represented only 38% of total shrimp imports. In recent years, UK households have gradually reduced their coldwater shrimp consumption and the overwhelming majority of imports in UK now consist of shell-on frozen warmwater products of Asian origin. For the cumulative period January-June 2008, UK coldwater shrimp imports amounted to 13 000 tonnes of which more than 11 000 tonnes were prepared and preserved products and 1 700 tonnes were shell-on products (including both fresh and frozen products).

Shell-on coldwater shrimp imports into the UK remained stable. Thus Denmark strengthened its predominant position in this sector. Conversely, the cooked and peeled sector decreased somewhat (-6% on 2007 figures). In the prepared and preserved category, Iceland maintained its exports to the UK. With 5 300 tonnes exported to this destination during the first half of 2008, Iceland reached 42% market shares of total UK imports in this category. In terms of value, Iceland registered a 17% increase compared to last year and the average unit value for Icelandic products on the UK market grew from £ 3.42/kg last year to £ 3.92kg this year. Denmark remained the second exporter to

Imports
Shrimp: France

	....................Jan/June..........................			
	2005	2006	2007	2008
		(1 000 tonnes)		
Ecuador	3.5	4.3	7.1	10.2
India	2.6	3.5	3.8	4.3
Madagascar	4.1	3.4	3.2	4.2
Brazil	10.9	9.3	7.5	3.7
Netherlands	3.8	3.1	2.8	2.7
Colombia	1.2	1.4	1.6	2.6
Belgium	2.1	2.4	2.1	2.2
Indonesia	2.8	3.1	1.9	1.9
Bangladesh	0.6	0.5	0.5	1.7
Venezuela	0.3	0.4	1.7	1.7
Viet Nam	1.5	1.3	1.6	1.6
Thailand	0.9	1.0	2.0	1.5
Malaysia	1.6	1.3	1.6	1.5
Denmark	1.9	1.9	1.7	1.3
Others	6.6	6.2	6.3	5.1
Grand Total	**44.4**	**43.1**	**45.4**	**46.1**

Source: GLOBEFISH

Imports
Shrimp: Germany

	..................Jan-Dec..................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
Thailand	2.2	3.5	4.0	8.9	3.6	4.3
Viet Nam	1.5	3.3	4.0	5.7	2.0	3.3
India	3.7	4.2	5.3	6.4	3.4	2.8
Netherlands	3.0	3.6	4.1	5.7	3.4	2.2
Denmark	1.8	2.1	1.5	2.6	0.6	1.4
Bangladesh	2.1	2.7	3.0	3.1	1.1	1.2
Belgium	2.5	2.5	2.8	2.6	1.2	1.1
Others	13.2	13.2	15.2	13.8	7.1	5.9
Total	**30.0**	**35.1**	**39.9**	**48.8**	**22.4**	**22.2**

Source: GLOBEFISH AN 010146

UK in the prepared and preserved category but registered a 6% drop. Warmwater products on the UK market are mainly of Asian origin. Indonesia, India, Thailand and Bangladesh represent 66% of frozen whole imports, although India and Bangladesh market shares decreased notably this year. Viet Nam is re-emerging on the UK market with a 45% increase on last year's imports.

Shrimp market continues volatile

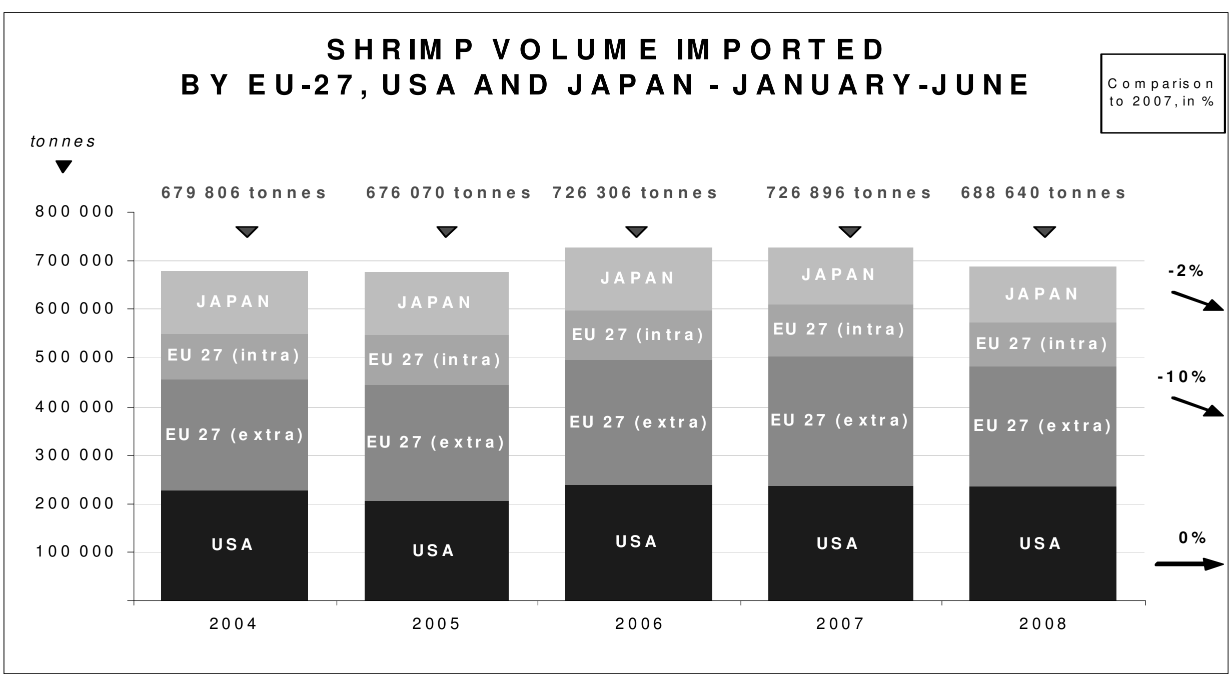
Considering the overall supply and demand situation, the global shrimp market is expected to stay firm until the end of the year. Imports into Japan may improve to cater for year-end demand when consumption usually goes up. However, the forecast of "recession in Japan", might affect household consumption of shrimp, which in turn will have a negative impact on the domestic and import trade. The new Economic Partnership Agreement (EPA) between Japan and Indonesia and subsequent zero import duty on shrimp (effective from 1 July) may facilitate imports from this origin. The same is also applicable for Thailand. Imports may slow down from other countries as offer prices are firm along with lower supplies of raw materials.

The outlook for demand in the US shrimp market is rather uncertain, as the economy keeps remains volatile. This may make consumers more conservative, although the previously mentioned surveys indicate that seafood might be less affected by slowdown of activity, apart from the restaurant sector which might be negatively affected.

Imports
Shrimp: UK

	..................Jan-Dec..................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Shell-on Coldwater						
Denmark	2.0	2.6	2.8	2.4	1.0	1.2
Others	2.4	1.3	1.8	2.4	0.7	0.5
Total	**4.4**	**3.9**	**4.6**	**4.8**	**1.7**	**1.7**
Shell-on Warmwater						
India	10.8	10.8	11.3	10.5	4.5	3.6
Indonesia	4.8	6.1	5.2	6.3	2.9	3.1
Bangladesh	8.2	9.0	6.2	5.7	2.5	2.2
Thailand	0.4	0.6	1.2	4.1	1.0	1.8
Ecuador	3.0	2.6	3.3	3.3	1.5	1.3
Honduras	*	*	1.2	1.3	0.4	0.4
Viet Nam	1.5	3.3	4.0	5.7	0.4	0.8
Others	9.4	7.0	5.6	1.8	2.9	3.1
Total	**38.1**	**39.4**	**38.0**	**38.7**	**16.1**	**16.3**
Cooked & Peeled						
Iceland	20.8	17.7	16.9	15.3	5.2	5.3
Denmark	4.9	5.4	6.6	6.9	3.1	2.9
Thailand	2.1	2.6	3.9	5.2	1.8	1.4
Canada	4.7	4.9	4.5	3.9	1.0	0.6
Norway	5.6	4.5	3.5	2.7	1.1	1.1
Indonesia	1.3	2.4	3.1	2.6	1.3	1.2
Malaysia	2.3	2.3	1.9	1.5	0.9	0.6
Viet Nam	0.9	1.5	1.5	1.2	0.5	0.5
Others	8.7	5.3	4.7	4.7	2.1	2.3
Total	**51.3**	**46.6**	**46.6**	**44.0**	**17.0**	**15.9**
Grand Total	**93.8**	**89.9**	**89.2**	**87.5**	**34.8**	**33.9**

Source: GLOBEFISH AN 010141



TUNA

Raw material prices realign

The realignment of relative raw material prices that started in July has continued since then. The price of tuna in Bangkok is now lower than in Ecuador thereby returning the tuna market to customary pricing differentials. The price of whole round skipjack in Ecuador is US$ 1 950/tonne and in Bangkok US$ 1 850/tonne. The voluntary fishing ban by the Ecuadorian fleet in the Eastern Tropical Pacific reduced supply to the plants in Ecuador and prompted the imports of significant quantities of tuna from the Western and Central Pacific.

Japan suspends tuna fishing operations

Although fishing and landing costs of tuna have increased substantialy during the last year, Japanese supermarkets are yet to take into account the rising operational costs. The retail sector fears that price increase will lead to consumer resistance and subsequent loss in sales. With reduced fishing operations by Taiwan PC, tuna supplies from the Indian Ocean are diminuishing.

Meanwhile, the fishing community in Japan held a demonstration to create awareness of and to combat rising fishing costs. Organized by the National Federation of Fisheries Cooperatives), all fishing operations in Japan (by 200 000 fishing boats) were closed on 15th July 2008 in response to rising fuel prices. This demonstration was held on the same day in Tokyo where 3 000 representatives from the Japanese fishing industry gathered to appeal to the government and to create awareness of the hardship faced by the fishing community.

In an extraordinary meeting, the Japan Tuna Fisheries Cooperative Association (Tuna Japan) decided to suspend fishing operations of all its 233 member vessels effective 1 August 2008. The duration of the suspension will run from

Landings
Tuna: Japan

	Jan/June				
	2004	2005	2006	2007	2008
	(1 000 tonnes)				
Bluefin					
Fresh	2.1	2.0	1.8	1.8	1.9
Frozen	0.5	0.5	0.3	0.3	0.3
Albacore					
Fresh	28.1	12.5	4.1	4.1	23.9
Frozen	16.3	2.3	7.9	7.9	1.8
Bigeye					
Fresh	5.8	3.9	4.2	4.2	3.3
Frozen	10.3	11.0	9.5	9.5	11.0
Yellowfin					
Fresh	4.7	5.2	3.1	3.1	4.8
Frozen	15.4	13.2	4.8	4.8	4.7
Skipjack					
Fresh	20.5	28.9	27.6	27.6	20.4
Frozen	100.3	109.5	112.4	112.4	114.8
Total					
Fresh	61.3	52.4	40.8	40.8	64.4
Frozen	142.7	136.7	135.0	135.0	132.5
Grand Total	**203.9**	**189.0**	**209.6**	**175.7**	**196.9**

Source: GLOBEFISH AN 010904

Imports
Frozen tuna: Japan

	Jan-Dec				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Yellowfin	109.2	123.5	90.3	58.7	31.4	27.0
Bigeye	116.3	101.9	86.3	86.8	41.7	45.0
Skipjack	81.2	52.0	50.5	31.3	11.2	16.9
S. bluefin	8.2	7.2	7.9	8.4	0.1	0.0
Albacore	6.5	6.1	6.2	6.0	4.7	1.9
N. Bluefin	6.6	4.2	5.1	6.3	1.3	3.9
Total	**328.0**	**295.0**	**246.3**	**197.5**	**90.4**	**95.6**

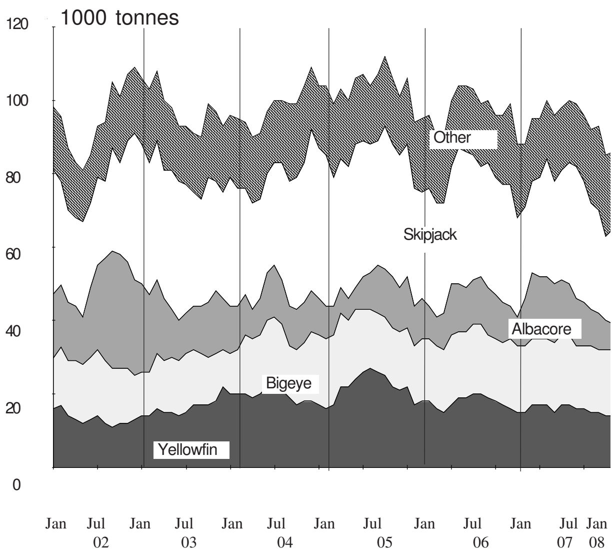
Source: INFOFISH

Imports
Fresh/chilled tuna: Japan

	Jan-Dec				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Yellowfin	24.1	21.4	19.0	16.9	9.2	8.0
Bigeye	18.9	16.8	15.8	14.5	7.2	7.5
Bluefin	10.0	9.9	7.4	5.1	2.6	1.9
S. bluefin	3.1	2.5	1.8	1.2	0.2	0.5
Albacore	0.4	0.2	0.3	0.3	0.1	0.1
Skipjack	0.1	0.0	0.0	0.1	0.0	0.0
Total	**56.5**	**50.9**	**44.3**	**38.1**	**19.4**	**18.0**

Source: National Statistics

Coldstorage holdings Tuna: Japan



Source: INFOFISH Trade News, GLOBEFISH AN 015000

2 months to 2 years depending on each vessel's fishing plan. This move was a reaction to high fuel prices, which are making tuna fishing unprofitable. Tuna boat owners hope that tuna prices will increase in view of the sharply reduced supply.

Good demand during Obon festival

The Obon festival was celebrated throughout Japan from 13 to 15 August, leading to consumption of sashimi tuna. On the eve of the festival (10-13 August) tuna supplies increased in the auction market at firm prices. The Tsukiji market remained closed for trading from 15-17 August. Thereafter, market demand shrank significantly; however, fish prices remainded stable due to reduced supply. The local bluefin fishing season in Sakaiminato has ended, but landings should begin off Sanriku waters in northern Japan. With autumn approaching, the popular fresh pike mackerel or Sanma rom Japanese coastal landings is now available in supermarkets f. Household demand for fish has swtched instantly from kabayaki (roasted eel) to Sanma.

For the last few months, Japanese supermarkets have reduced the sales volume of fresh bigeye and bluefin and replaced them with the cheaper skipjack Tataki; these skipjack are being supplied by local pole and line boats. Some marketers see this move as a test case to check consumer response, as food prices in general are increasing against the shrinking disposable income. On the other hand, the shrinking market for fresh tuna was clearly reflected in the year to year import trend; imports were at a record low during the reporting period. Air-flown tuna imports fell by 8.3 % compared to the same period last year. Imports of southern bluefin mostly farmed, increased notably; there was also marginal recovery in fresh bigeye supplies.

The frozen sashimi market in Japan followed the trend for fresh tuna. Supply shortages persisted for large sizes bluefin and bigeye. During the Obon festival, supplies in the auction market were dominated by medium and small sized tuna. Frozen tuna imports into Japan, however, increased in the first half of 2008 over the same period of 2007. Bigeye tuna led the way, together with higher imports of frozen skipjack tuna.

In a shrinking market for tuna, supplies of imported frozen tuna loins and fillets increased by 11% during the first half of the year. This trend confirms higher demand for product groups such as loins for sashimi (bluefin) and non-sashimi (red meat tuna) usage. Supplies of frozen bluefin loins were dominated by Malta, Turkey, Croatia and Tunisia. Red-meat loin imports were mainly from the East Asian sources.

Despite slow demand and increased landing price in the sashimi tuna market, overall imports of tuna including loins, increased by 4% to 133 500 tonnes during January–June this year against the same period last year; the import value was higher by 15.6 % at US$ 1.20 billion. Supplies of imported southern bluefin, bigeye, albacore and skipjack were higher during this period, whereas yellowfin imports fell by 14%.

For the first time in many years frozen tuna imports including sashimi grade fish recovered during the first quarter of this year compared to last year, but remained below 100 000 tonnes. Following the trend in the fresh tuna market, imports of bluefin and yellowfin fell but improved for the other tuna species.

US tuna market affected by weak demand

The US market is relying more and more on imports of canned tuna and tuna pouches. Thailand is by far the main exporting country for these products, but experienced a substantial reduction of exports of canned tuna in the first half of 2008. Only 32 800 tonnes were exported, 15% less than the corresponding 2007 figure. All other major canned tuna exporters to the US market reported higher exports, particularly Indonesia and the Philippines.

During the first half of the year, imports of air-flown fresh tuna declined by 10%. Although popular, non-canned tuna is considered as a high-end seafood and thus excluded

Imports
Tuna loins: USA

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	...Jan-Dec... (1 000 tonnes)					
Thailand	8.2	8.7	12.5	7.8	4.2	8.0
Fiji	14.9	14.5	12.4	11.0	4.6	5.2
Trin & Tob	13.2	13.4	12.3	10.5	5.3	5.1
Ecuador	6.9	6.5	4.0	1.2	1.0	0.3
Others	0.8	3.6	9.9	13.3	6.5	4.8
Total	**44.0**	**46.7**	**51.1**	**43.8**	**21.6**	**23.4**

Source: NFMS: GLOBEFISH AN 11056

from many consumers' grocery lists; reduced outdoor dining has also affected demand for fresh tuna from the restaurant sector. The average import price of fresh tuna (US$ 7.88/kg) showed a 6% rise against the same period last year. The economic crisis in the US market made consumers move to less expensive food items.

Tuna pouch imports recovered somewhat after the disappointing perfomance in 2007. In the first half of 2008, some 20 000 tonnes were imported, some 11% ahead of last year's performance. Thailand was the main supplier of this product, mainly from canneries having close business links with US brands. Ecuador was not able to take full advantage of its duty free status for tuna pouches in previous years, a concession that is expected to fade away soon.

Thailand expands top performance

Despite the skyrocketing prices of tuna worldwide, Thailand imported more raw materials for canning during the first half of this year; overall imports increased by 4.1%. However, yellowfin and albacore imports were below last year's levels. Imports of raw material reached 377 000 tonnes in the first half of 2008, some 8% ahead of the period of last year. The predominant species continues to be skipjack, accounting for over 80% of Thai frozen tuna imports.

Thai export figures for the first six months of 2008 show a different picture from US import figures. In fact Thai

Imports
Canned tuna (excl. pouches): USA

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	...Jan-Dec... (1000 tonnes)					
Thailand	71.8	77.4	74.3	66.1	37.2	32.8
Philippines	43.3	43.8	35.2	26.6	15.2	16.2
Indonesia	17.0	18.0	16.4	14.1	8.7	9.0
Ecuador	24.7	15.5	4.4	1.9	1.1	0.5
Others	12.0	14.3	22.2	25.3	14.5	16.2
Total	**168.8**	**169.0**	**152.5**	**134.0**	**76.7**	**74.7**

Source: NFMS: GLOBEFISH AN 11032

Imports
Tuna pouches: USA

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	...Jan-Dec... (1 000 tonnes)					
Thailand	19.2	19.7	18.6	16.5	9.5	10.8
Ecuador	10.9	13.6	15.6	10.8	6.2	6.6
Others	2.2	2.7	3.8	3.8	1.9	2.6
Total	**32.3**	**36.0**	**38.0**	**31.1**	**17.6**	**20.0**

Source: NFMS: GLOBEFISH AN 11038

Imports
Fresh Tuna : USA

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	...Jan-Dec... (1 000 tonnes)					
Albacore	1.0	0.7	0.9	0.9	0.5	0.3
Yellowfin	15.6	17.1	17.8	18.0	9.6	8.7
Bigeye	6.8	5.0	4.9	5.6	2.9	3.0
Bluefin	1.6	1.7	1.1	1.1	0.8	0.2
Skipjack	0.0	0.0	0.1	0.0	0.0	0.0
Others	1.4	1.0	0.4	0.1	0.0	0.1
Total	**26.4**	**25.5**	**25.2**	**25.7**	**13.8**	**12.3**

Source: ITN

Imports
Frozen tuna: Thailand

	...Jan-June... 2008 Q	2008 V	2007 Q	2007 V	% Q	% V
Skipjack	305.0	16.0	264.8	9.7	15.2	64.9
Yellowfin	50.1	3.2	60.7	3.1	-17.5	2.2
Albacore	13.4	0.9	19.5	1.2	-31.5	-21.3
Bigeye	3.0	0.1	2.0	0.1	46.3	85
Other tunas	5.7	0.2	3.2	0.1	80.5	79.4
Total	**377.2**	**20.5**	**350.3**	**14.2**	**7.7**	**4.1**

Source: INFOFISH, Q in 1 000 tonnes, V in billion Baht, % percentage change 2008/2007.

customs record some 43 000 tonnes of exports of canned tuna to the USA, which is 12% higher than the corresponding 2007 figure. Some of the difference between Thai export and US import figures can be explained by the delay caused by transport and storage in bounded warehouses. Thus higher Thai exports to the US market indicates better sales to this market in coming months.

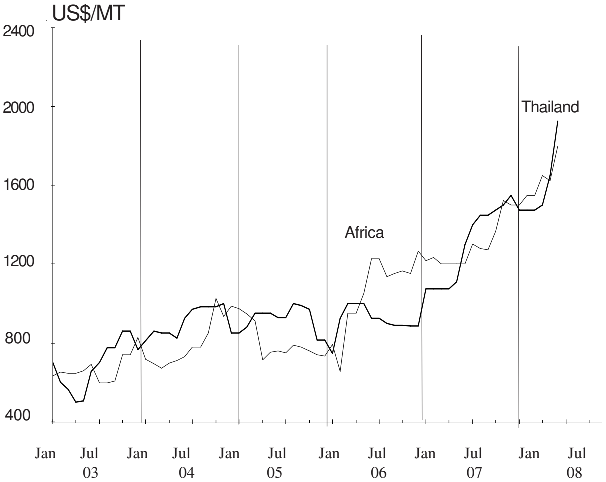
Overall, Thai canned tuna exports performed well. In the first half of 2008, the country reported 249 000 tonnes, which is 33 000 tonnes higher than the corresponding figure for 2007. Arabic countries are now an important market for Thai canned tuna, taking over 20% of total exports. Egypt, Libya and Saudi Arabia are among the top ten countries of destination for Thai canned tuna, all reporting substantial increases in sales during 2008. Germany was the only country among the main markets to report declining sales. Supermarkets and discounters there unwilling to pay the present high prices. Mexico has emerged as a major market this year with imports of canned tuna from Thailand increasing from 1 184 tonnes last year to 4 180 tonnes this year.

Exports
Canned tuna: Thailand

	..................Jan-Dec.................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1000 tonnes)					
USA	98.5	83.8	77.4	83.9	38.5	43.7
Egypt	19.5	23.7	32.7	24.7	13.7	21.7
Australia	29.9	29.9	30.5	31.6	13.6	18.7
Libya	18.3	25.1	27.6	28.4	13.1	18.1
Canada	25.3	26.3	27.5	26.1	12.9	14.8
Japan	28.9	22.6	21.0	23.2	10.6	12.8
Saudi Arabia	14.4	14.9	20.1	21.1	9.5	10.5
UK	13.2	13.2	16.0	13.3	8.8	8.2
South Africa	5.3	6.2	9.2	8.6	4.1	5.0
Germany	6.1	4.5	10.0	10.9	7.6	3.3
Poland	5.0	4.0	3.4	6.2	2.8	2.1
Others	113.1	114.4	140.8	162.3	80.4	90.0
Total	**377.5**	**368.6**	**416.2**	**440.3**	**215.6**	**248.9**

Source: GLOBEFISH AN 10080

C&F prices
Frozen skipjack: Thailand and Africa



4.5-7 lbs;
Source: GLOBEFISH AN 11112

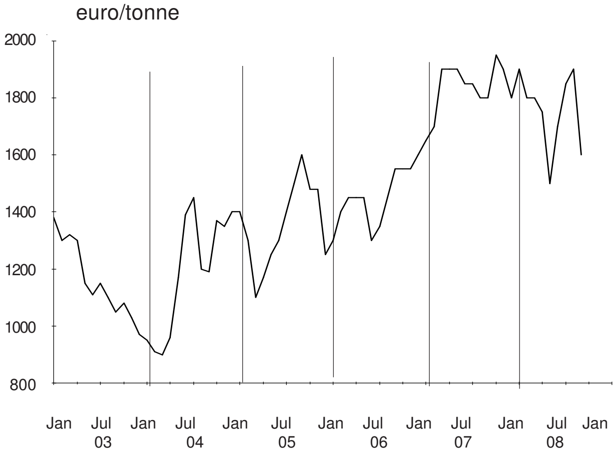
Record yellowfin prices

When the Euro was trading at close to US$ 1.60 to the Euro, the price of skipjack reached Euro 1 220/tonne in the Seychelles. In early September 2008, the catches of skipjack in the Indian Ocean improved significantly pushing the price of skipjack down to Euro 1 120/tonne. At the same time there was a roughly 10% decline in the value of the Euro against the US$. The combination of the decline in the price in Euros and the change in the US$/Euro exchange rate translates into a 15% decline in the US$ cost of skipjack in the Indian Ocean.

Meanwhile, the price of cooked and frozen tuna loins in Europe continued to increase due to the increasing US$ cost of raw material in Ecuador. Yellowfin loins going to the Italian market double cleaned were sold at a record level of US$ 7 950/tonne.

A high percentage of yellowfin in the catch of the Asian purse seiner fleets operating in the Western and Central Pacific increased the supply of yellowfin and lowered the market price of yellowfin whole round in Europe to Euro 1 650/tonne from Philippines. However, there is limited demand for whole round yellowfin in Europe as the major brands in Europe rely primarily on imported yellowfin loins

C&F prices
Yellowfin: Italy



Source: GLOBEFISH AN 11114

Imports
Canned tuna: France

	...Jan-Dec... 2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Côte d'Ivoire	33.7	21.6	23.1	27.0	16.5	16.0
Spain	18.6	21.8	22.0	19.9	12.4	9.8
Madagascar	12.9	14.7	15.4	10.9	5.1	4.4
Seychelles	14.7	11.3	14.7	13.6	7.8	7.9
Italy	7.3	8.0	8.9	3.5	2.1	2.2
Senegal	4.9	4.3	1.1	1.7	1.0	0.5
Others	15.0	28.9	35.2	29.7	16.6	13.9
Total	**107.1**	**110.6**	**120.4**	**106.3**	**61.5**	**54.7**

Source: GLOBEFISH AN 11030

due to labour cost considerations. To avoid the 24% import duty in Europe, the tuna loins must be produced in countries that have customs agreements with the EU, for instance Andean Pact countries, and the loins must be produced from raw material with qualifying origin, that is the EU or the exporting country. Unfortunately, the catch from the large Asian purse seiner fleets does not have qualifying origin and therefore cannot be used for producing duty free loins for the EU market.

European canned tuna market reluctant to buy

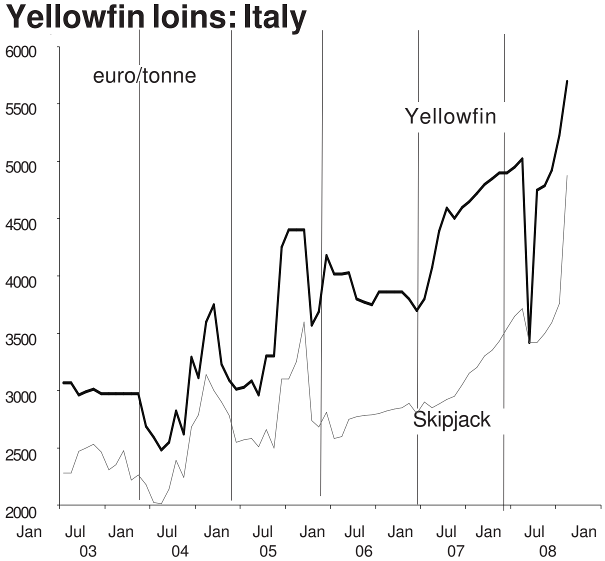
Issues that have influenced the European canned tuna market include lthe imited arrival of canned tuna, very high prices of the final product, discussion on health aspects of canned tuna, the Greenpeace campaign against bluefin tuna catches in the Mediterranean. Traders were already aware of increasing raw material already during the last year, creating inventories at relatively lower prices. As a result, imports of canned tuna into Northern Europe have declined.

The UK is by far the largest canned tuna importing country in Europe, and together with Spain and Italy, is also the largest canned tuna consuming country in the region, with a high 2 kg per head consumption. All of this comes from imports, as no domestic tuna canning industry exists. In the first six months of 2008, the country imported 64 000 tonnes, a slight decline from the corresponding 2007 period. The Seychelles lost ground, while Mauritius expanded its presence in the market. Both countries are presently suffering from the extremely disappointing catch situation in the Indian Ocean, and are asking for higher prices.

In the past, France was an important canned tuna producer in the past, but for some years now, the country has relied on imports for its supply. In the first half of 2008, imports declined by 10%. Cote d'Ivoire continues to be the main supplier to the French market, reporting some minor declines in 2008 over 2007. As the French and Spanish fleet had to leave the Indian Ocean due to disappointing catches and moved to the Atlantic, the Ivorian canneries took advantage of good landings of tuna from these fleets and were able to supply the French market at relatively attractive prices. However, Senegal, which in the past was one of the main suppliers to the French market, has almost disappeared as exporter, as many canneries have closed down.

Germany is a very price conscious market, where most of the canned tuna consumed is from supermarket label

C&F prices
Yellowfin loins: Italy



Source: GLOBEFISH AN 11114

Imports
Canned tuna: UK

	...Jan-Dec... 2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Mauritius	29.5	24.9	25.9	27.8	10.7	12.2
Seychelles	29.5	28.8	32.0	23.9	12.5	5.7
Thailand	13.1	15.9	16.9	14.9	9.5	7.2
Philippines	6.2	9.7	10.0	13.0	6.3	9.8
Maldives	4.1	4.6	1.9	2.2	1.6	0.6
Indonesia	3.1	2.8	0.9	1.7	0.7	0.9
Others	46.7	45.9	41.0	47.0	24.4	27.6
Total	**132.2**	**132.6**	**128.6**	**130.5**	**65.7**	**64.0**

Source: GLOBEFISH AN 11050

Imports
Canned tuna: Germany

	..................Jan-Dec.................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Ecuador	4.1	4.8	13.7	14.6	11.1	14.4
Philippines	28.5	29.4	19.1	20.3	13.4	7.4
Thailand	9.3	9.6	5.6	11.5	4.5	3.6
Indonesia	2.1	2.7	3.5	7.0	3.2	3.1
Seychelles	8.2	10.6	5.4	6.6	1.0	3.0
Papua NG	5.2	8.7	10.7	9.6	2.9	0.7
France	16.8	13.7	7.3	5.7	0.6	0.5
Others	11.5	12.2	15.9	8.5	5.9	3.8
Total	**85.7**	**91.7**	**81.2**	**83.8**	**42.6**	**37.4**

Source: GLOBEFISH

production, in other words at the lower end of the price scale. The good performance of Ecuadorian products in this market can be explained by the fact that this country supplies the supermarket labels with relatively inexpensive products, which are the as those sent to neighbouring Latin American countries. In addition, at the beginning of 2008, Ecuador was able to buy skipjack at about US$ 300/tonne below the price level in Bangkok, enabling pries to be kep low.

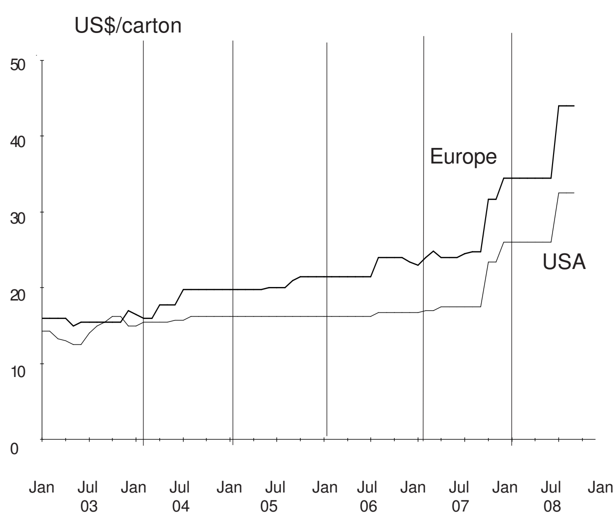
Overall, German canned tuna imports declined sharply in the first half of 2008, especially from those countries asking for higher canned tuna prices, such as Thailand and the Philippines. These countries have to pay a 24% duty on canned tuna, which compares to zero duty for Ecuadorian tuna. Total German imports in the January-June 2008 period were 37 400 tonnes, a 12% decline from the same period of 2007. Declines were sharpest for the Philippines (-45%) and Thailand (-20%). These two countries are requesting the EU to lower the 24% duty on canned tuna, as it is harming their industry. Asean is presently negotiating a free trade area agreement with the EU, which will probably include canned tuna. Interesting to note in this respect, that recently a Thai canned tuna producer delegation signed a collaboration agreement with the Spanish canning association, which might lead to Spanish investments in the country and probably to more willingness by the Spanish industry to allow lower duties for Thai canned tuna in the EU market.

Italy is becoming an important market for canned tuna imports, while in the past the country was self-sufficient with regard to tuna supplies from its own canneries. Many canneries have closed now and trade marks have been sold to foreign, mainly Spanish companies. As a result, more and more imports reach the country. The new trade links with Spain explain the strong performance of this country among canned tuna suppliers to the Italian market.

In the first half of 2008, Spain exported some 22 000 tonnes to Italy, accounting for about half of the canned tuna imports. Colombia, where some Spanish companies are operating, managed to overtake Cote d'Ivoire as second major supplier to the Italian market. The decline of the domestic industry is mirrored by a decrease of tuna loin imports into the country: in the first half of 2008, some 21 000 tonnes were imported, 12% less than a year ago.

Spain is the only country in Southern Europe, where canneries are doing well and production is still increasing. In 2007, canned tuna production was 336 000 tonnes, some 2.8% ahead of last year's performance. In value terms, this

C&F prices
Canned tuna*: USA, Europe



*48x6.5oz Europe, 48x6 oz USA, chunk, origin Thailand
Source: GLOBEFISH AN 11101, 11102

Imports
Canned tuna: Italy

	..................Jan-Dec.................				Jan June	Jan June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Spain	36.1	37.0	36.7	39.7	21.9	22.5
Colombia	6.4	7.0	5.0	6.6	4.0	5.2
Cote d'Ivoire	14.0	8.9	9.1	10.0	4.8	3.9
Seychelles	4.6	7.0	6.9	3.9	2.4	2.5
France	6.1	4.6	3.4	5.3	3.2	3.4
Portugal	2.6	2.8	2.6	2.4	1.1	1.0
Others	4.3	4.2	5.8	9.0	3.6	6.2
Total	**74.1**	**71.5**	**69.5**	**76.9**	**41.0**	**44.7**

Source: GLOBEFISH

production was worth euro 1.26 billion, or Euro 3.74/kg. During 2007, sales of canned tuna in super and hypermarkets in Spain increased by 1.4% in quantity and 6% in value. There the average retail price was Euro 7.91/kg, which gives also an indication on the margins of the super- and hypermarkets.

Some 147 companies are still producing canned tuna in Spain, but the bulk of production is in a few hands. The most important issue in Spain is that supermarkets labels have overtaking trade marks in sales records. All major Spanish brands are also packing for supermarkets' labels. One reason why distribution labels have taken over is that canners are investing in little publicity to promote their brands. There share in total turnover of publicity is only about 1%, while cheese or biscuits brands invest 4% of their income in publicity. As a result the share of distribution labels in these latter categories is only around 30%, compaterd to 55% for canned tuna. In other markets the trade marks have a better stay, in Italy they represent 77% of the whole canned tuna market, in UK 64%, in France 62%.

Spain joined Italy in using mainly imported loins in canned tuna production. In the first half of 2008, some 26 600 tonnes were imported, 12% more than last year. Ecuador and El Salvador are the main suppliers, but Thailand is also expanding its market share.

Canned tuna prices are increasing sharply in the European market, as the price chart shows. For the time being, supermarkets are absorbing most of the increase, conscious that this commodity is a very attractive product for consumers and therefore often used in promotion activities. In mid September 2008, for instance, three tuna cans were offered in Spain for one Euro, and the second pack was offered for a bargain 0.50 Euro. These offers are well known to attract customers to supermarkets, adding other items to their food basket as well.

Imports
Tuna loins: Italy

	..................Jan-Dec................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Ecuador	12.7	12.0	14.6	11.9	7.1	6.0
Colombia	12.8	14.3	9.7	7.0	4.1	3.1
Kenya	7.0	8.1	6.7	7.9	5.6	3.9
Thailand	1.1	1.3	3.2	4.4	3.3	2.2
Spain	0.0	0.0	0.3	0.1	0.1	0.0
Others	2.4	4.9	8.5	8.0	4.1	6.0
Total	**36.0**	**40.6**	**43.0**	**39.2**	**24.3**	**21.2**

Source: GLOBEFISH AN 11050

Imports
Tuna loins: Spain

	..................Jan-Dec................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Ecuador	7.2	8.8	16.0	13.2	7.7	12.2
El Salvador	8.6	13.2	10.9	14.8	7.7	6.9
Thailand	0.1	1.9	0.0	2.9	2.9	3.5
GPortugal	0.5	1.2	1.4	1.5	0.9	0.8
Colombia	0.1	0.1	0.3	0.4	0.3	0.4
uatemala	4.1	6.6	2.2	0.0	0.0	0.0
Costa Rica	0.4	0.0	0.0	0.0	0.0	0.0
Venezuela	2.9	0.0	0.0	0.4	0.0	0.0
Others	2.2	4.0	6.7	5.3	3.5	2.8
Total	**26.1**	**35.8**	**37.5**	**38.5**	**23.0**	**26.6**

Source: GLOBEFISH

US tuna market outlook bleak

The US tuna market is a difficult combination of low demand and high world prices for tuna, which can only result in even a further decline in tuna consumption. With all the negative press about tuna in the past years, the image of tuna has suffered, and is unlikely to recover. While producers worldwide are trying to create new product forms, the US canned tuna industry is stubborn on the 6oz can in brine and some tuna pouches, which in return have not resulted in the expected market acceptance. Canned tuna prices in the US market must increase, in line with international market prices and the low value of the US dollar. This price hike has already begun,and it is likely to result in even fewer sales.

Tuna prices are likely to stay high, and even increase further in Japan and in the world market, although Japanese tuna consumers are moving away from high priced sashimi tuna to lower priced alternatives. In the coming months, lower demand for high grade sashimi tuna is likely, due to the overall gloomy economic situation in the country.

Canned tuna prices in European supermarkets are still relatively low, as the price increases have yet to be passed on to consumers. This situation will soon be impossible to maintain and steep prices increases are foreseen. This should not necessary lead to consumer resistance, as these higher prices will be integrated into overall sharp food price rises.

Groundfish supply situation a disaster

The resource situation for all groundfish stocks is difficult. At present, quotas for Alaska pollack are in free fall, while cod resources are overexploited and therefore cod catches have declined sharply during the past decade. These problems have a direct impact on consumption and prices. Although groundfish stocks worldwide are in difficulties, consumers are being offered alternatives in the form of aquacultured species such as catfish and tilapia. These provide a less expensive substitute to traditional whitefish products.

US imports of groundfish decline further

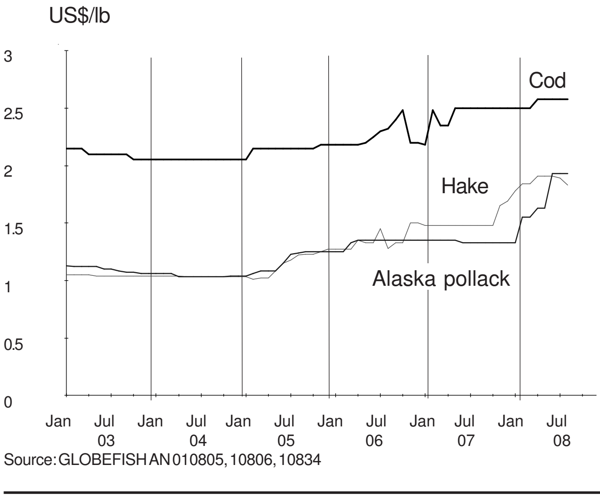
During the first half of 2008 US imports of groundfish experienced a decline of 9%. This drop was due to a decrease in imports of both fillet (-8%) and block (-11%). The main reason for this trend was lower Chinese exports: - 5% of fillets and almost -13% of blocks shipped to the US during January-June 2008 compared to January-June 2007. This decrease was caused by the overall difficult situation for Alaska pollack, which led to lower catches, thus also less raw material available for the Chinese filleting and processing industry. As far as prices are concerned, cod and Alaska Pollack blocks on the US market have remained stable during the past 3 months whereas hake has shown a 4% growth since June 2008, reaching US$ 1.83/kg.

On the European side, Germany and France managed to attract more of the limited supply of groundfish species, due to the still high value of the euro. German and French imports of frozen Alaska pollack fillets expanded during January-June 2008 compared to the same period of 2007. Germany bought almost 13% more fillets and France a little over 12% during the same period. All major exporters were responsible for this increase on the German market (China +16%, USA +8%, Russia + 29%). Increased exports by China (+21%, 11 500 tonnes) and Russia (+75%, 4 200 tonnes) were also behind the rise in French frozen Alaska Pollack fillet imports during January-June 2008.

Surimi processors in France have been concerned since the beginning of this year: prices of the raw material for surimi production had already experienced a 15% rise in November 2007 but in the opening months of 2008 they climbed by a further 70% compared to mid 2007. It is likely that this upward trend will continue during the whole of 2008

Prices of whitefish have increased somewhat, and have enabled twhitefish processors and sellers to take advantage of the very high supply of farmed whitefish especially from Asia. On the hand, Norway, Canada, Iceland, and the UK are very active in cod farming and trends indicate that it is very likely that farmed cod will surpass wild harvests within 20 years. This development will bring a

C&F prices
Groundfish blocks: USA



Source: GLOBEFISH AN 010805, 10806, 10834

Imports
Cod-like groundfish: USA

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	....Jan-Dec.... (1 000 tonnes)					
Fillets						
China	73.4	89.8	91.3	74.5	36.9	35.1
Iceland	20.4	16.5	16.0	11.1	6.7	4.3
Canada	10.3	6.7	9.7	5.5	1.9	1.9
Norway	2.4	1.2	2.1	0.2	0.9	0.4
Others	9.5	8.9	9.0	6.4	2.6	3.4
Total	**116.0**	**123.1**	**128.1**	**97.7**	**49.0**	**45.1**
Blocks/Slabs						
China	33.2	32.2	25.4	41.7	20.4	17.8
Argentina	3.9	2.9	2.9	2.0	1.0	1.5
Russian Fed.	1.6	1.1	0.5	0.8	0.3	0.3
Canada	8.2	0.6	0.5	2.1	0.5	0.3
Iceland	3.2	1.9	0.6	0.8	0.4	0.2
Norway	1.2	1.4	0.5	0.1	0.0	0.0
Others	10.1	2.6	2.0	1.7	0.8	0.8
Total	**61.4**	**42.7**	**32.4**	**49.2**	**23.4**	**20.9**
Gr. Total	**177.4**	**165.8**	**160.5**	**146.9**	**72.4**	**66.0**

Source: NMFS

Imports
Frozen Alaska pollock fillets: Germany

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	..................Jan-Dec................					
	(1 000 tonnes)					
China	59.2	58.1	88.0	78.5	37.5	43.3
USA	51.2	47.0	39.4	55.2	27.1	29.4
Russia	22.0	15.5	27.6	25.4	13.0	16.7
Others	4.2	3.0	6.1	5.3	3.3	1.9
Total	**136.6**	**123.6**	**161.1**	**164.4**	**80.9**	**91.3**

Source: Statistisches Bundesamt

good substitute for wild cod on the market, even though some of the traditional products such as klipfish are difficult to produce from farmed species.

The European cod market is trending downwards. UK imports of frozen cod, and German frozen cod fillets have experienced a reduction in the first half of this year: -16.6% and – 7.5% respectively compared to the first six months of 2007.

China is the main exporter of frozen cod to the UK; however, two European countries (Denmark and Iceland) are responsible for the decline in UK imports of frozen cod. As far as German frozen cod fillets are concerned the drop in total entries was mainly due to reduced Polish shipments (-35% to 1 500 tonnes, in second position among the exporters) to the German market during the first half of 2008, compared to the corresponding period of 2007. China, the main supplier, increased its exports of cod fillets to Germany by almost 10% to 6 700 tonnes during the same period, taking advantage of cheap labour in that country.

Imports
Frozen Alaska pollock fillets: France

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	..................Jan-Dec................					
	(1 000 tonnes)					
China	16.1	14.3	18.6	18.6	9.5	11.5
USA	12.8	12.5	10.8	10.3	5.8	4.6
Russian Fed.	4.6	2.1	4.3	4.0	2.4	4.2
Germany	6.0	5.8	6.3	4.4	2.4	2.3
Others	1.9	1.4	0.6	0.7	0.1	0.1
Total	**41.4**	**36.1**	**40.8**	**38.0**	**20.2**	**22.7**

Source: National Trade Statistics

Imports
Frozen cod: UK

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	..................Jan-Dec................					
	(1 000 tonnes)					
Russia	28.8	36.9	13.0	4.1	3.0	1.2
Denmark	17.6	16.7	16.9	12.4	7.7	4.5
China	15.0	16.5	23.2	21.9	11.7	11.3
Iceland	16.9	14.8	16.1	18.0	9.8	7.0
Norway	8.8	9.0	14.0	11.4	6.3	6.9
Faroe Is.	7.0	4.9	6.5	4.4	1.7	2.6
Germany	3.0	1.3	1.9	4.5	2.8	1.5
Poland	1.6	1.3	6.5	3.6	2.2	2.0
Others	4.5	7.3	8.2	6.0	2.5	2.8
Total	**103.2**	**108.5**	**106.3**	**86.3**	**47.7**	**39.8**

Source: Seafish/national trade statistics

Groundfish market very challenging

High fuel costs are having adverse implications for the groundfish harvesting sector in particular. The rest of the production chain (processing firms, logistics companies, retailers and seafood buyers) has been forced to adjust to the new reality of high energy costs; consequently consumers are looking at their choices of buying fish. Producers should highlight the nutritional value of wild captured products, as compared to freshwater species from aquaculture. With a promotion campaign in this direction, higher prices could be explained to the consumer. The present economic crisis will exacerbate the problems for the groundfish industry. Now, consumers are looking at cheaper alternatives, even though more expensive options are better value or healthier.

Imports
Frozen cod fillets: Germany

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	..................Jan-Dec................					
	(1000 tonnes)					
China	4.7	8.3	8.1	12.2	6.1	6.7
Poland	4.4	2.1	1.4	3.8	2.3	1.5
Denmark	1.0	1.4	1.2	1.5	0.7	1.1
Russia	1.5	1.1	2.4	1.1	0.7	0.7
Iceland	0.8	1.0	0.5	0.3	0.1	0.2
Norway	1.4	1.9	0.6	0.6	0.4	0.1
Others	3.0	1.4	1.8	2.7	1.7	0.8
Total	**16.8**	**17.2**	**16.0**	**22.2**	**12.0**	**11.1**

Source: Statistisches Bundesamt

Argentina hake is not recovering

Despite the 20% cut in catch quotas last year, the resource is showing no significant signs of recovery. This is concerning many operators who are already suffering the lack of raw material, and is also negatively affecting employment in the sector. Also, some operators are asking for tighter controls and higher fines for those that do not comply with the restrictions.

The National Fishery Research and Development Institute (INIDEP) said that the state of the resource is very bleak. The low level of recruitment is impacting the biomass of reproducers, and although, hake has recovered from depletion in the past, the present situation is very worrying.

Argentine landings of hake in the first half of 2008 totaled 208 800 tonnes, 4% lower than in the same period of 2007. This reduction was caused mainly by a 16% lower landing of hubbsi hake, the main species exploited. (65% of total hake landings). Landings of the second main species, hoki, were 2% lower and totaled 70 400 tonnes in the first semester. The lower availability of the resource had direct impact on exports. Preliminary information available on landings up to August shows that hake capture did not recover and were 4.5% lower than in the first eight months of 2007.

In the first half of 2008, Argentinean exports of hake were 78 300 tonnes, worth US$ 205 million, representing an 8% fall in terms of volume and a 13% increase in value. This reflected price increases in the international market, and the unit value of exports grew by 23%. The main importer of frozen fillets was Brazil with a 24% share of total volume, followed by Spain (14%).

Sales of whole and H&G hubbsi hake fell both in volume and value, mainly due to a sharp drop in purchases from Uruguay, probably caused by the closure of the EU market early this year. The main processing company, FRIPUR, owns fishing vessels in Argentina, but shipments of its products will show as exports from Argentina, even though the product stays within the same company.

Frozen hake fillet imports into Germany and whole frozen hake into Italy have decreased, by 18% (to 9 500 tonnes) and by 3% (to 14 300 tonnes) respectively in the first half on 2008 compared with the same period of 2007. Reduced supplies from the USA (main exporter to the German market), Argentina and Chile account for the drop in German imports of frozen hake fillets.

Imports
Frozen hake: Italy

	...Jan-Dec...				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
Argentina	12.7	10.5	14.8	10.8	5.6	5.4
Spain	5.1	6.0	6.3	5.3	2.9	2.3
S. Africa	6.1	6.4	4.8	4.4	2.2	2.7
Namibia	3.2	2.7	2.4	1.7	1.0	1.2
Uruguay	3.8	4.7	5.8	4.6	1.9	1.3
Chile	0.6	0.4	0.2	0.2	0.1	0.1
Others	2.8	2.0	2.3	2.8	1.0	1.3
Total	**34.3**	**33.1**	**36.6**	**29.8**	**14.7**	**14.3**

Source: National Trade Statistics

Peru, the second major exporter of this product to Germany experienced a 22% growth in exports during January-June 2008. Again, as Peru is mainly supplying a lower priced product, this reflects the search by German traders for cheaper products around, especially in the light of the present economic situation.

The top three suppliers (Argentina – 3.6%, Spain – 21% and Uruguay – 31.6%) of frozen hake into Italy all contributed to the decline in imports by this country in the first half of 2008. The Uruguyan decline was caused by the ban on exports to the EU in March 2008, while Argentina and Spain are suffering from the low availability. Southern African countries managed to fill at least part of the gap created by Latin American resource problems. The efficient resource management systems put in place by South African states for some years now, seems to be effective.

Imports
Frozen hake fillets: Germany

	...Jan-Dec...				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
	(1 000 tonnes)					
SA	2.5	3.6	4.4	6.1	2.7	2.5
Peru	2.1	4.1	4.1	4.1	1.8	2.2
Argentina	4.8	5.8	6.9	6.1	2.9	1.7
Chile.	3.6	2.0	2.2	1.0	1.3	0.6
Russian Fed.	*	6.2	0.2	0.0	0.0	0.0
Others	9.0	7.1	6.6	4.5	3.0	2.5
Total	**22.0**	**28.8**	**24.4**	**21.8**	**11.7**	**9.5**

Source: Statistisches Bundesamt

CEPHALOPODS

Bleak squid market

Squid prices continued to be low, due to limited buying interest in Japan and the rush by Argentine squid fishing fleet to sell at discounted prices. This situation is continue to persist until early 2009, when the new squid fishing season in the Southwest Atlantic will start. The world octopus market was characterized by ample supply in the second and third quarter of the year. On the other hand, as always in times of bonanza, prices declined somewhat, to normal levels. Consumer interest is strong, as octopus is a well liked product in several countries. Further price decline are thus unlikely in coming months.

Octopus market positive

The world octopus market was characterized by ample supply in the second and third quarter of the year. Moroccan management schemes are successful, and the resources is rebuilding in a satisfactory way. As a result, higher catches were allowed, and more octopus is reaching the market. All main importing countries reported increases in imports. On the other hand, as always in times of bonanza, prices declined somewhat, to normal levels. Consumer interest is strong, as octopus is a well liked product in several countries.

Japan increased imports in the first half of 2008, to reach 27 600 tonnes, a 15% increase over the first half of 2007. Mauritania continues to be the main supplier of octopus to the Japanese market, but the outstanding performance was reported by China. This country managed to ship 4 000 tonnes, some 43% more than in 2007. This octopus is caught off the Central Eastern Atlantic, sometimes under fishing agreements with coastal states. Octopus prices have normalized since the fishing season in Morocco started in May 2008, from the over high levels reached in early 2008. Further price declines are likely in coming months.

Italy is the second major octopus market. In the first half of 2008, the country took advantage of ample supplies, but slightly less than Japan. The total imports matched the Japanese level of 27 600 tonnes, a 12% increase over the first half of 2007. Morocco is the market leader with a more than 20% market share. China is not yet an important player in the Italian market. Viet Nam managed to enter the baby octopus market in Italy, a product mainly utilized in the Italian processing industry (marine salads) where it represents a convenient alternative to cuttlefish. Viet Nam managed to increase its exports of octopus to Italy by almost 50%.

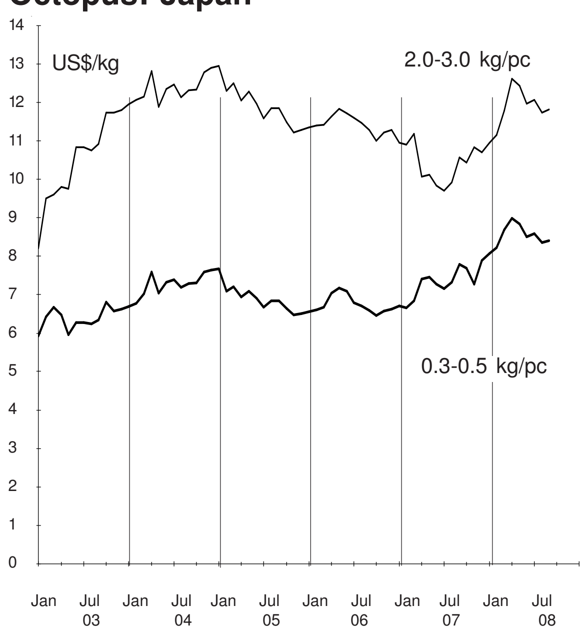
The Spanish market is both supplied by the domestic industry and by imports. In the first half of 2008, the country took advantage of the good availability, and increased imports by a strong 20% to reach 28 400 tonnes. Main supplier to the Spanish market is Morocco, which dominates the market with a 55% share. This country was the traditional fishing ground of the Spanish fleet, and explains

Imports
Octopus: Japan

	..................Jan-Dec................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
Mauritania	14.5	19.5	16.6	14.0	7.6	8.1
Morocco	5.2	8.7	8.7	10.3	7.6	7.8
China	13.1	9.9	8.2	7.2	2.6	4.0
Viet Nam	5.9	5.6	5.5	4.8	2.2	2.6
Spain	5.9	6.2	4.0	1.8	1.0	1.6
Thailand	1.8	3.0	1.9	1.8	1.2	0.6
Others	6.9	2.6	3.5	6.9	1.4	2.9
Total	**53.3**	**55.5**	**48.4**	**46.8**	**23.6**	**27.6**

Source: GLOBEFISH AN 10438

Wholesale prices
Octopus: Japan



Source: INFOFISH Trade News, GLOBEFISH AN 10507

Imports
Octopus: Italy

	..................Jan-Dec.................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
Morocco	5.0	9.1	11.7	12.3	8.2	8.6
Spain	6.0	8.4	8.5	6.9	3.3	4.2
Viet Nam	3.8	3.8	5.6	3.3	1.5	2.2
Indonesia	*	1.7	*	2.5	1.4	2.1
Mexico	*	3.3	2.8	4.6	1.8	1.6
ISenegal	5.9	4.7	3.7	4.2	1.7	1.6
Thailand	5.3	3.3	3.4	2.4	1.1	1.6
Tunisia	2.1	2.7	1.9	2.0	1.1	0.6
Mauritania	3.5	5.4	3.4	2.5	1.4	0.6
Others	12.4	6.3	10.2	7.4	3.1	4.5
Total	**44.0**	**48.7**	**51.2**	**48.1**	**24.6**	**27.6**

Source: GLOBEFISH AN 10457

Imports
Octopus: Spain

	..................Jan-Dec.................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
Morocco	14.3	18.2	20.2	19.6	13.6	16.0
Mauritania	2.8	2.8	4.9	4.9	2.6	2.9
Portugal	1.2	1.9	1.4	1.7	0.4	1.7
China	1.9	1.3	2.8	1.6	0.7	1.2
Viet Nam	1.8	0.7	1.9	2.2	1.6	0.9
Senegal	1.4	2.0	0.5	0.5	0.2	0.4
Others	10.0	9.9	8.6	8.8	4.6	5.3
Total	**33.4**	**36.8**	**40.3**	**39.3**	**23.7**	**28.4**

Source: GLOBEFISH AN 10452

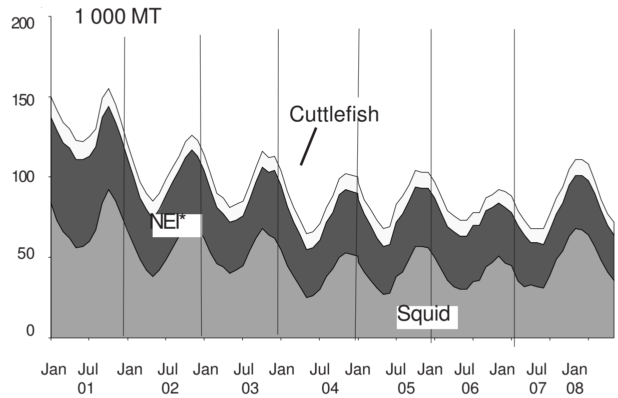
the dominance of this supply in the market. Spain prefers large-sized octopus, which explains why Viet Nam is not present in this market.

Squid available at much discounted prices

Heavy landings of Illex squid in the start of the season led to very low squid prices. Thus prices became so low that Argentine fleet stopped fishing early, as high fuel prices made fishing uneconomical. Japanese traders were almost absent from the market, as their inventories are still filled with 2007 production, both from the domestic production and from imports.

In 2007, Japan had bought substantial quantities on the world market, taking advantage of the convenient prices. As a result, buying interest was limited in the first half of 2008. Imports were 30 800 tonnes, almost 30% less

Coldstorage holdings
Cuttlefish and squid: Japan



*NEI = squid + cuttlefish, not specified
Source INFOFISH Trade News, GLOBEFISH AN 015002

than last year. China, the main supplier, reported a 20% decline. Argentina had cut to cut exports from 6 000 to 2 000 tonnes. Overall, prices offered by Japanese traders in the course of 2008 were very unattractive, and thus offers were going to the European market. Squid from Peru and the USA still could expand their performance in the Japanese market, as trade links are strong with this country.

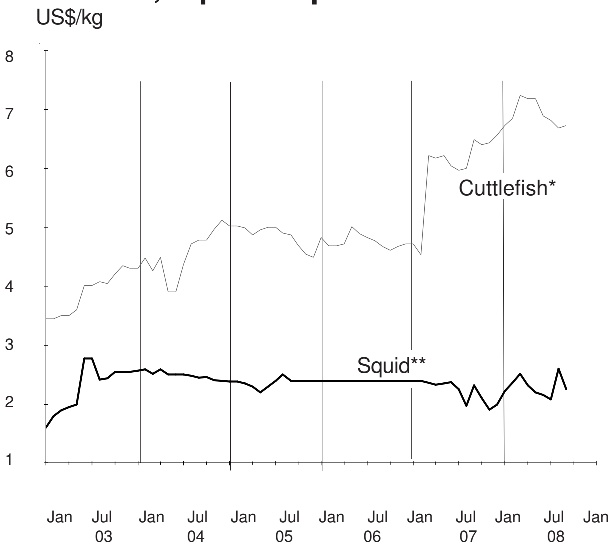
Spain, the main squid market in Europe, reported record imports during the first half of 2008. Some of these "imports" are in reality squid catches by the domestic fleet discharged in ports in the Southwest Atlantic. Total imports in the first half of 2008 were 72 300 tonnes, 8% more than one year ago. Imports from the South West Atlantic were 46 000 tonnes, up 3 000 tonnes from the same period of 2007. This area is thus representing about two thirds of

Imports
Squid: Japan

	..................Jan-Dec.................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
China	25.1	28.9	28.9	30.2	14.4	11.9
Peru	2.5	3.3	4.8	7.8	4.6	5.2
USA	5.4	7.7	4.6	5.4	2.7	3.8
Thailand	9.9	9.2	7.6	8.1	3.8	3.2
Argentina	0.1	2.0	5.6	10.4	6.4	2.0
Viet Nam	*	5.9	7.0	6.8	3.4	2.4
India	*	1.8	1.9	1.0	0.5	0.5
New Zealand	1.3	3.3	1.4	3.3	2.0	0.5
Morocco	0.0	0.2	0.8	0.2	0.2	0.0
Korea Rep.	3.3	0.3	0.4	0.9	0.0	0.0
Taiwan PC	3.1	0.6	0.3	0.4	0.0	0.0
Others	10.1	3.2	2.6	2.6	1.3	1.3
Total	**60.8**	**64.3**	**65.9**	**77.1**	**39.3**	**30.8**

Source: GLOBEFISH AN 10437, *) included under others

Wholesale prices
Cuttlefish, squid: Japan



*whole 10 kg/block, 0.4-0.6 kg/pc; **whole 7.5 kg/block, 21-25 pc/kg;
Source: INFOFISH Trade News, GLOBEFISH AN 10501, 09

the Spanish squid imports. Other countries reported mixed performance, with India and Peru declining sharply.

Similarly to the Japanese market, Italian traders had taken advantage of the ample and inexpensive supplies of 2007, to build up inventories. Thus buying interest was limited in the first half of the year. Imports were down by 10% on 2007. Spain, the main exports of squid to Italy, reported lower shipments. One reason was that in 2007, Loligo catches were good in the Southwest Atlantic, so this species was channelled through Spain into the Italian market. In 2008, Illex was the predominant species on the market, not so much appreciated in the Italian market. Thailand took advantage of lower supplies of Loligo from the Southwest Atlantic, shipping some more of its Loligo squid to the Italian market, getting pretty close to Spain as main exporter.

Imports
Squid: Spain

	...Jan-Dec... 2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Argentina	30.2	46.6	83.6	61.3	22.8	26.5
Falkland/Malv.	28.4	48.0	42.4	40.3	20.1	19.4
India	16.4	20.1	18.2	12.8	7.7	6.6
China	12.5	7.0	8.1	6.4	3.7	3.6
Morocco	2.6	3.7	4.5	1.4	0.7	1.5
South Africa	6.8	5.0	4.0	3.5	1.8	2.4
USA	5.8	3.6	3.9	1.7	1.3	1.8
Korea Rep.	2.8	4.8	2.5	2.0	1.2	1.3
Peru	9.8	3.7	1.8	4.5	2.8	0.6
New Zealand	15.0	0.1	0.0	0.1	0.0	0.0
Others	15.5	13.1	12.2	11.8	5.3	8.6
Total	**145.8**	**155.7**	**181.2**	**145.8**	**67.4**	**72.3**

Source: GLOBEFISH AN 10450

Imports
Squid: USA

	...Jan-Dec... 2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
China	21.3	25.6	32.9	28.8	13.7	12.4
Thailand	6.8	7.1	7.4	7.2	3.0	4.7
India	6.5	6.1	8.2	4.5	2.4	2.8
Taiwan PC	6.1	4.7	5.6	5.9	2.3	2.8
New Zealand	2.5	3.8	2.2	2.5	1.3	0.6
Rep. Korea	2.4	3.0	2.8	3.1	1.2	2.4
Peru	1.6	1.7	1.7	1.7	1.7	0.9
Others	5.9	6.0	8.4	8.9	2.8	2.6
Total	**53.1**	**58.0**	**69.2**	**62.4**	**28.4**	**29.2**

Source: GLOBEFISH AN 10459

Low squid prices likely to stay on

This situation of low squid prices and limited demand is likely to continue until early 2009, when the new squid fishing season in the Southwest Atlantic will start. By that time, inventories dating back to 2007 will have reached the market, and buying interest should be strong. On the contrary, octopus is in good demand in all main markets, especially in Japan. New year's festivities are generally an excellent sales period for octopus, while in Europe demand for octopus is strongest in summer months. Prices of octopus are likely to go up somewhat in coming months.

Imports
Squid: Italy

	...Jan-Dec... 2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Spain	26.4	28.8	30.3	25.2	14.2	12.6
Thailand	19.5	20.5	21.2	22.8	12.0	12.4
Argentina	5.6	7.6	8.9	10.7	4.8	5.9
Peru	6.0	6.4	3.4	3.4	2.2	0.4
S. Africa	6.3	5.4	5.0	3.7	2.0	1.4
India	3.5	3.3	3.8	2.9	1.9	1.5
New Zealand	2.4	1.6	2.3	0.1	0.0	0.0
Others	17.5	21.5	22.7	32.8	13.1	12.3
Total	**87.3**	**95.1**	**97.7**	**101.6**	**50.2**	**46.5**

Source: GLOBEFISH AN 10455

FISHMEAL

High prices on the fishmeal market

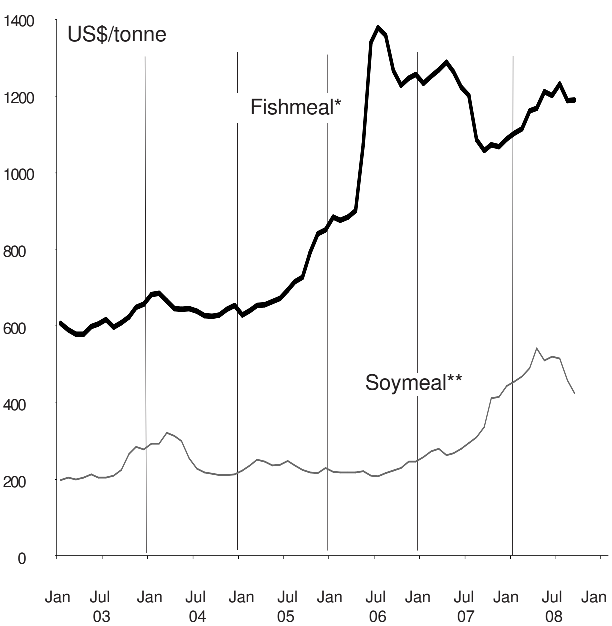
In the third quarter of the year, fishmeal production was characterized by very limited catches, normal feature for this period of the year. However, the overall 2008 production was reportedly also short on the corresponding 2007 level. This is creating some shortage on the market, while the previous year had been characterized by over-supply and declining prices. The main market, China, came back with strong buying interest, which led to relatively high prices in the second quarter. In the third quarter fishmeal prices tended downward somewhat, but much less than the ones of soybean meal. 2009 is not expected to bring much increase in fishmeal production worldwide; on the contrary, some declines can be forecast. Price developments depend on the demand from China, as already experienced in previous years. There are some indications that at least in the opening months of the year, this market will buy less, which should lead to somewhat lower prices.

Lower production

Fishmeal production continued to decline in the course of the year. At the moment, there is a halt of production in the Pacific area. On the other hand, European producers are getting close to the end of the fishing season, therefore not much movement is experienced on the production side.

In Peru, the fishmeal producers are awaiting the verdict by the research vessel, the findings of which will be the basis for the quota of next season (November and December). All observers anticipate a similar quota to last year (2 million tonnes). Spawning was delayed due to warmer waters than normal during July and August. However, a recent normalization of the sea conditions would result in increased spawning activity that should finish by

Prices
Fishmeal and soymeal



*all origins, 64 - 65% cif Hamburg; **44% cif Rotterdam
Source: Oil World, GLOBEFISH AN 11702, 11706

Production
Fishmeal: 5 major producers

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	...Jan-Dec... (1 000 tonnes)					
Peru	1983	2126	1456	1420	895	885
Chile	935	815	776	700	470	446
Denmark	259	222	213	162	130	130
Norway	212	154	176	155	120	83
Iceland	204	179	162	135	114	77
Total	**3593**	**3496**	**2783**	**2717**	**1804**	**1708**

Source: GLOBEFISH * excluding solubles** estimates

Imports
Fishmeal: UK

	2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	...Jan-Dec... (1 000 tonnes)					
Denmark	24.7	16.1	25.3	12.9	5.4	15.8
Peru	19.4	23.2	37.6	19.3	7.5	11.0
Ireland	15.1	11.6	6.0	11.4	5.6	6.0
Germany	8.2	15.7	30.8	13.5	2.0	5.8
Faeroe Is.	11.5	10.9	2.3	3.4	0.0	5.8
Iceland	42.5	33.3	13.6	3.8	1.4	4.7
Norway	9.5	3.7	7.9	9.8	5.3	1.8
Chile	6.5	12.6	10.9	5.0	3.7	0.0
Others	5.1	9.8	5.0	8.3	1.2	1.0
Total	**142.5**	**136.9**	**139.4**	**87.4**	**35.9**	**53.0**

Source: GLOBEFISH AN 11632, (*) included under others end October. There is a general expectation that the next season would start middle/second half November.

Peru managed to export higher quantities in 2008, after the difficult 2007. This recovery was caused by a strong Chinese market. In the first half of the year, Peru exported 870 000 tonnes, some 36% more than last year. China took the lion's share of this shipment, accounting for about half of Peruvian fishmeal exports. In 2007, China had been very reluctant to buy, as inventories had built up, at times reaching 200 000 tonnes. In 2008, however, these stocks had been used up, and the country came back as an eager buyer. While the Chinese aquaculture industry experienced some problems in the course of 2008 and the aquaculture feed production was less present as an importer of fishmeal, the pork industry was growing strongly. This was prompted by high prices of pork in the market. As a result, fishmeal imports went up, as did prices.

The European fishmeal market continues very quiet. Buying interest is very low, given the high prices. German imports were 84 000 tonnes in the first half of 2008, some

Imports
Fishmeal: USA

	..................Jan-Dec................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
Mexico	7.7	11.1	27.6	20.0	12.6	10.8
Peru	28.4	14.3	11.2	1.1	0.1	0.2
Canada	10.8	8.7	7.4	6.5	3.3	2.2
Chile	2.3	6.5	5.9	6.7	3.1	2.6
Panama	0.2	0.8	1.6	0.6	0.1	0.3
Iceland	15.3	13.9	0.6	0.5	0.1	0.0
Others	6.2	5.2	4.4	4.2	1.1	1.1
Total	**70.9**	**60.5**	**58.7**	**39.6**	**21.7**	**18.4**

Source: GLOBEFISH AN 11630

Imports
Fishmeal: Germany

	..................Jan-Dec................				Jan June	Jan June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
Peru	151.6	200.4	202.1	192.3	108.5	67.6
Iceland	14.0	6.6	1.2	1.4	0.0	6.1
France	3.0	1.5	2.6	2.0	1.2	2.1
Denmark	3.7	4.2	8.8	3.7	1.4	1.9
Norway	3.1	1.2	1.0	1.0	1.0	0.2
Faroe Is.	0.0	1.9	1.2	0.0	0.0	0.0
Others	7.4	15.7	18.5	9.7	5.6	6.1
Total	**182.8**	**231.5**	**235.4**	**210.2**	**117.7**	**84.0**

Source: GLOBEFISH AN 11635

Exports
Fishmeal: Peru

	..................Jan-Dec................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
China	813.0	1049.4	535.2	555.2	274.9	429.0
Germany	153.1	235.9	208.9	166.0	91.3	79.2
Japan	197.0	170.2	174.0	149.7	79.8	67.0
Taiwan PC	83.0	84.0	57.1	39.3	20.2	25.0
Others	508.9	461.9	338.4	349.1	18.3	46.0
Total	**1755.0**	**2001.4**	**1313.6**	**1259.3**	**633.5**	**858.6**

Source: GLOBEFISH AN 11634

Exports
Fishmeal: Chile

	..................Jan-Dec................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
China	123	264	169	189	112	132
Japan	50	100	83	65	44	20
Taiwan PC	76	72	50	30	17	6
Rep. Korea	28	33	30	28	16	14
Spain	33	28	30	33	14	11
Italy	32	30	26	27	11	14
Germany	22	23	33	32	11	14
Others	124	154	100	84	13	14
Total	**481**	**709**	**519**	**488**	**272**	**240**

Source: GLOBEFISH AN 11625

30% less than in the same period of 2007. This decline was caused by fewer exports from Peru.

As a result of strong Chinese demand, fishmeal prices remained stable in the third quarter of the year, not following the downward trend of soybean meal prices. At the moment, the price level is US$ 1 190/tonne, about US$ 150/tonne ahead of the September 2007 price and only US$ 50/tonne below the July 2008 peak. The same comparison for soybean meal shows a US$ 80/tonne reduction in just two months.

Some downward movements in prices likely

This is a very difficult moment for any forecast, as the quotas in Peru still have to be fixed. It is indicative, however, that inventories are filling up in China. On the other hand, stocks are low in Peru. Taking the same fishing quota as last year's 2 million tonnes as a base for a forecast, some price declines are likely to materialize in coming months, taking into account the reluctance of the European market to purchase at the present price level and the expected slowing down of Chinese demand for fishmeal in the near future.

FISH OIL

Less fish oil

Fish oil production mirrored that of fishmeal, and outputs in 2008 declined. In the first half of the year, 332 000 tonnes were produced in the top five producing countries, a 20% drop from the corresponding period of 2007. Both Peru and Chile reported lower fish oil production, but the overall value went up steeply, due to higher prices in the course of 2008. Chile is very concerned about the future of its horse mackerel resource, which has been weak for several years now.

Pregnant women who eat fish are more likely to have healthier and brighter infants. These findings provide further evidence that the omega-3 fatty acids found in fish and compounds in breast milk are beneficial for infant development. The children whose mothers ate the most fish during pregnancy were more likely to have better motor and cognitive skills. The study appeared in the September 2008 issue of the American Journal of Clinical Nutrition. These interesting results might boost the consumption of fish oil capsule even further.

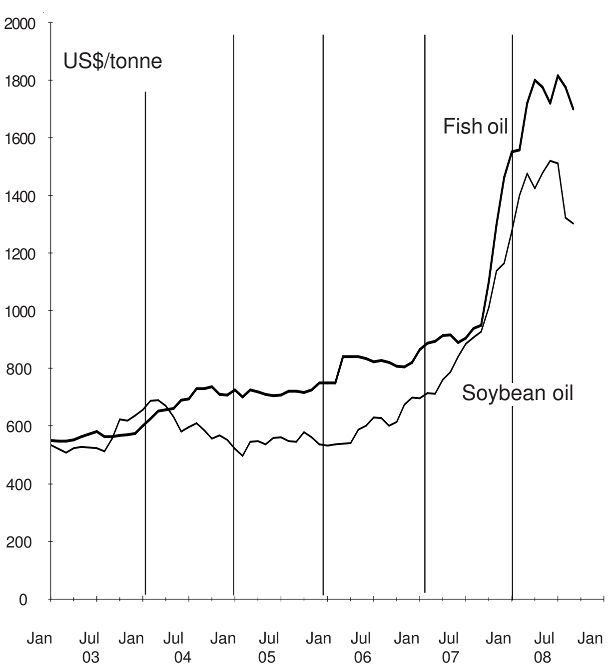
It is possible that new EU food legislation might create problems for fish oil in 2009, as only fish fit for human consumption will be permitted for fish oil capsule production from 1 January 2009. However, Peru hopes to meet these requirements by April 2009.

Fish oil prices tend downwards

Fish oil prices reached an all time high of US$ 1 815/tonne in July 2008, but since then price have started to soften, in line with vegetable oil prices. Demand from the fish oil capsule industry was bleak in the third quarter of 2008, in anticipation of the tougher EU norms already mentioned before.

The present market situation tends for a decline in fish oil prices in coming months, as buyers are well covered , producers have heavy fish oil stocks, and the market experiences lower vegetable prices. In addition, the new production season in Peru is likely to add substantial quantities of fish oil to the market.

Prices
Fish oil and soybean oil



Source: GLOBEFISH 12002, 12003

Exports
Fish oil: USA

	Jan-Dec 2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Menhaden	37.9	39.5	38.2	45.4	15.7	17.0
Other	10.9	13.6	24.7	8.4	5.2	6.8
Total	**48.8**	**53.1**	**62.9**	**53.8**	20.9	23.3

Source: GLOBEFISH AN 11789

Production
Fish oil: World

	Jan-Dec 2004	2005	2006	2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Peru	352	301	287	296	232	188
Chile	142	112	118	118	76	83
Denmark	67	56	67	56	30	26
Iceland	49	55	42	46	22	19
Norway	32	31	37	18	17	17
Total*	**647**	**589**	**594**	**627**	**489**	**332**

Source: GLOBEFISH

SEABASS AND SEABREAM

Seabream prices extremely low

The overall situation in the European market is mixed at the moment: bream prices are extremely weak giving producers great room for concern. Bass prices on the other hand are holding up well, creating a record price difference between bass and bream species. Demand is also mixed with consumers in all the major markets becoming more price conscious when food shopping as well more restrained in other spending, including restaurant visits.

Italian market bleak

Italy, Europe's largest consumer and import market for bass and bream, is much weaker this year. Total Italian imports in the first semester for the two species were down in both value (down 9.8%) and volume (down 3.9%) compared with last year. However, low prices on bream boosted these imports whereas higher seabass prices led to reduced bass import volumes.

On the other hand Spain's total imports rose in both value (up 8.3%) and volume (up 17.6%) this year. But like in Italy, it is the less expensive bream that is driving volumes whereas bass imports fell in both value and volume.

France, the third largest import market for bass and bream, continued its positive trend with growing imports from last year, up 14.9% in volume and 9.4% in value.

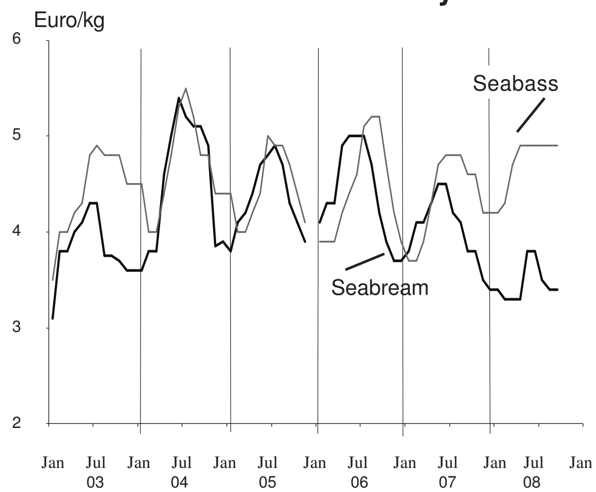
Production figures for 2008 are not available yet. However, industry reports seem to indicate higher volumes were produced in Greece and Turkey this year.

Imports
Seabream & Seabass: France (value)

	...........Jan-Dec...........			Jan-June	Jan-June
	2005	2006	2007	2007	2008
		(million Euro)			
Seabream (dentex/pagellus)					
Greece	2.8	2.8	2.9	1.6	1.3
Total	7.3	7.5	5.6	3.1	2.5
Seabream (gilthead)					
Greece	10.0	11.4	13.6	6.0	6.9
Spain	3.4	4.0	5.9	0.6	0.4
Total	13.8	16.5	20.2	9.1	10.5
Seabass					
Greece	10.2	11.2	12.6	6.1	7.3
UK	1.3	1.6	1.3	0.0	0.0
Total	15.2	17.4	19.7	9.0	10.2
Grand Total	**36.3**	**41.4**	**45.5**	**21.2**	**23.2**

Source: French national statistics

Prices
Seabass and Seabream: Italy



fresh whole 300-450 gr/pc, origin Greece
Source: EPR; GLOBEFISH AN 10512, 10514

A new species on the market: meagre

Many producers are also looking into how to differentiate their production and have started producing meagre, (Latin name Argyrosomus regius. http://www.fao.org/fishery/culturedspecies/Argyrosomus_regius.) Although the production of meagre is still limited, the species has significant potential given its excellent texture and taste. However, the market will have to be built up through consumer information and communication campaigns, especially for the restaurant segment. The danger is that the main focus remains production rather than marketing of the product with the usual result of seeing increasing volumes coming to market and prices dropping.

Industry under stress

The low bream prices are pushing many producers into the red, but should contribute to further consolidation in the industry. They should also be able to expand markets and attract new consumers, despite the worsening economic climate in Europe.

Imports
Fresh Seabream & Seabass: Italy (value)

	............Jan-Dec............			Jan-June	Jan-June
	2005	2006	2007	2007	2008
		(million Euro)			
Seabream					
(dentex/pagellus)					
Greece	7.6	8.3	6.4	2.9	3.0
Total	12.2	13.3	12.4	5.5	6.1
Seabream					
(gilthead)					
Greece	44.7	42.7	52.9	24.4	23.2
Turkey	5.7	2.9	5.2	2.4	2.2
Total	61.2	57.7	71.0	32.6	31.4
Seabass					
Greece	44.3	43.8	57.5	27.8	23.2
Turkey	26.6	16.9	17.8	9.9	6.2
Total	88.4	82.0	98.5	48.4	41.2
Grand Tot al	**161.9**	**153.0**	**181.9**	**86.5**	**78.8**

Source: ISTAT

Imports
Fresh Seabream & Seabass: Italy (quantity)

	............Jan-Dec............			Jan-June	Jan-June
	2005	2006	2007	2007	2008
		(1 000 tonnes)			
Seabream					
(dentex/pagellus)					
Greece	1.7	1.7	1.4	0.6	0.7
Total	2.2	2.3	2.0	0.9	1.0
Seabream					
(gilthead)					
Greece	10.6	9.5	13.1	5.7	6.6
Turkey	1.6	0.8	1.5	0.6	0.7
Total	14.0	12.8	16.8	7.3	8.4
Seabass					
Greece	9.6	9.5	12.6	6.0	4.9
Turkey	6.6	4.6	4.4	2.4	1.4
Total	18.7	16.8	20.3	9.9	8.0
Grand Tot	**34.9**	**31.9**	**39.1**	**18.1**	**17.4**

Source: ISTAT

For the next few months, however, prices can be expected to remain weak, but with a surge before Christmas. The cyclical nature of production should reduce supply during the winter months with rising prices for both species.

Unfortunately reliance on a few major markets makes the industry vulnerable, although it is true that exporters have targeted new markets as well, including Germany, the UK, Russia and the US and Canada, and these efforts have been quite successful. Likewise, product development is under way with portions and fillets gaining market share, especially in the UK. Despite these efforts though, the major part of production continues to be sold in the traditional product forms in Italy, Spain and France with price as the dominant sales parameter.

The large price difference between bream and bass is also giving important signals to producers: it can be expected therefore that bass will be found in the market next year with a reduction in the price difference observed currently..

Imports
Seabream & Seabass: Spain (value)

	............Jan-Dec............			Jan-June	Jan-June
	2005	2006	2007	2007	2008
		(million Euro)			
Seabream					
(all species)					
France	1.0	1.2	2.2	0.9	1.2
Greece	25.5	21.4	23.2	10.7	14.1
Morocco	3.4	3.1	2.0	1.1	0.8
Total	33.0	29.1	34.4	15.0	20.4
Seabass					
France	6.1	5.6	5.7	2.8	3.0
Greece	22.8	15.1	17.6	10.0	11.8
Morocco	2.0	1.5	1.3	0.7	0.3
Turkey	7.7	13.9	15.0	9.4	6.2
Total	43.3	38.3	42.5	24.7	22.6
Grand Total	**76.3**	**67.4**	**76.9**	**39.7**	**43.0**

Source: Spanish national statistics

Imports
Seabream & Seabass: Spain (quantity)

	............Jan-Dec............			Jan-June	Jan-June
	2005	2006	2007	2007	2008
		(1 000 tonnes)			
Seabream					
(all species)					
France	0.1	0.1	1.1	0.1	0.1
Greece	6.1	5.1	5.6	2.5	4.1
Morocco	0.8	0.7	0.5	0.3	0.2
Total	7.7	6.4	8.6	3.3	5.6
Seabass					
France	0.7	0.5	0.5	0.3	0.3
Greece	5.2	3.7	4.0	2.3	2.5
Morocco	0.3	0.2	0.1	0.1	0.0
Turkey	1.9	3.5	3.6	2.3	1.4
Total	9.0	8.2	8.7	5.2	4.4
Grand Total	**15.0**	**16.7**	**17.3**	**8.5**	**10.0**

Source: Spanish national statistics

Production problems in Chile limit salmon supply

The market for farmed salmon has been remarkable stable lately, to some extent a result of production problems in Chile which are limiting supply. Prices, although lower than in 2007, are adequate for most producers. A larger problem than price has been losses caused by having to harvest the fish early, as this reduces yields tremendously for the involved companies. But at the same time,Norwegian companies are having their share of production problems, indicating that supply problems could set in early next year with rising salmon prices in world markets as the consequence.

Salmon takes advantage of present economic situation

On the demand side, the economic situation in major markets, such as Japan, USA, and the EU, continuea to influence consumer confidence. However, this situation is not particular to salmon, and as long as the product remains adequately priced in comparison with competing products, demand should not suffer too much. In fact, both the EU and Japan are showing positive growth in 2008, whereas USA saw salmon imports fall slightly in the first semester of 2008.

Production
Cultured salmon: World

	2003	2004	2005	2006	2007	2008*
			(1 000 tonnes)			
ATLANTIC SALMON						
Norway	507.4	537.0	573.0	600.0	725.0	775.0
Chile	280.5	343.0	379.0	370.0	355.0	320.0
UK	145.6	139.0	119.0	125.0	140.0	145.0
Canada	90.2	87.0	103.0	115.0	110.0	110.0
Faeroe Is.	56.3	38.0	16.0	13.0	20.0	25.0
Australia	14.0	15.0	16.0	16.0	20.0	20.0
Ireland	16.3	12.0	12.0	15.0	15.0	15.0
USA	16.3	14.0	10.0	10.0	12.0	12.0
Others	4.6	3.0	3.0	3.0	3.0	3.0
Total	**1131.2**	**1188.0**	**1247.0**	**1270.0**	**1400.0**	**1425.0**
PACIFIC SALMON						
Japan	9.2	10.0	12.0	10.0	10.0	10.0
Chile	96.5	103.0	115.0	115.0	120.0	113.0
Canada	17.1	21.0	21.0	10.0	8.0	7.5
New Zealand	4.8	9.0	9.0	10.0	10.0	10.0
Total	**128.0**	**139.0**	**157.0**	**145.0**	**148.0**	**130.5**
Gran Tota	**1259.2**	**1345.0**	**1391.0**	**1415.0**	**1548.0**	**1555.5**

Source: GLOBEFISH AN 12201, *) estimate

Higher salmon exports from Norway

Norway's salmon export volumes in the first 8 months of 2008 were up 3.7% from the same period in 2007, mostly thanks to lower prices, which dropped from an average NOK 25.66/kg in 2007 to NOK 24.69/kg in 2008, down almost 4%. Total export values were flat.

Trout exports on the other hand were up a massive 77%, but also here average prices were falling, from NOK 24.13/kg on 2007 to NOK 19.57/kg in 2008, down 19%. Total trout export value was up 44%.

Eastern European market growing

For both salmon and trout, the EU market showed continued growth in import volumes from Norway, increasing by 5% and 43% respectively for the two species. However, it is the Central and Eastern European markets that are growing the most, with Poland and Russia now the

Imports
Salmon: USA

	..................Jan-Dec.................				Jan-June	Jan-June
	2004	2005	2006	2007	2007	2008
		(1 000 tonnes)				
Fresh fillets						
Chile	79.9	83.5	71.8	80.1	39.8	40.0
Canada	11.2	11.2	6.3	4.2	2.0	3.0
Norway	1.8	1.3	2.6	2.3	1.3	1.3
Other	2.6	2.1	2.6	4.4	2.2	2.0
Total	**95.5**	**98.1**	**83.3**	**90.1**	**45.3**	**46.3**
All salmon	**218.7**	**232.8**	**242.7**	**250.2**	**124.3**	**121.8**

Source: GLOBEFISH AN 11630

second and fourth largest salmon markets and Russia and the Ukraine the dominant trout markets. Whereas the reason for Russia's import growth is linked to improved distribution for fish and fishery products in general in combination with higher purchasing power and therefore of higher seafood consumption, the main reason behind Poland's phenomenal growth is the outsourcing of a large part of the European smoking industry to Poland from countries such as Germany, Denmark and Belgium, enabling Poland to become a major supplier of smoked salmon to other European countries.

Other countries that are importing salmon from Norway (and Chile) and which are re-exporting some of it as valued-added products are China and Viet Nam.

Exports (quantity) Salmon and Trout: Norway

	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Aug. 2007	Jan-Aug. 2008
	(1 000 tonnes)				
Salmon	**474.9**	**494.4**	**585.4**	**362.0**	**374.3**
Fresh	379.1	397.0	493.4	305.4	323.7
Frozen	41.4	37.8	42.9	25.1	20.2
Fresh fill.	26.5	27.5	33.3	20.5	22.0
Froz. fill.	16.6	18.0	15.8	11.0	8.4
Trout	**43.4**	**46.9**	**58.8**	**14.4**	**26.0**

Exports (value) Salmon and Trout: Norway

	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Aug. 2007	Jan-Aug. 2008
	(bill. NOK)				
Salmon	**13.5**	**17.1**	**17.5**	10.8	10.7
Fresh	10.0	12.6	13.1	8.4	8.7
Frozen	1.1	1.3	1.2	0.7	0.5
Fresh fill.	1.1	1.4	1.6	1.0	1.0
Froz. fill.	0.9	1.1	1.0	0.7	0.5
Trout	**1.2**	**1.3**	**1.3**	**0.4**	**0.6**

Source: Norwegian Seafood Export Council

Exports (quantity) Salmon and Trout: Chile

	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)				
Japan	151	148	146	102	110
USA	118	109	114	63	59
EU (25)	47	46	41	23	23
Latin America	24	29	36	17	25
Others	43	54	60	72	80
Total	**384**	**386**	**397**	**277**	**297**

Source: Boletín de Exportaciones del IFOP

Exports (value) Salmon and Trout: Chile

	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-June 2007	Jan-June 2008
	(million US$)				
Japan	638	704	648	420	384
USA	606	792	862	468	399
EU (25)	236	308	279	133	140
Latin America	88	156	202	98	132
Others	153	246	258	166	184
Total	**1721**	**2206**	**2249**	**1285**	**1239**

Source: Boletín de Exportaciones del IFOP

Chilean production starts to recover

Many salmon producers are still struggling with disease problems and according to industry reports, up to one third of production could be affected. However, when comparing the first semester of 2008 with 2007, Chile's salmon export volumes were actually up on last year for both salmon and trout. And for the January-July period (seven months) total export volumes were up 16% compared with last year.

Values, however, fell indicating significantly lower average prices for the exported fish. One of the reasons for this is that the average size of the fish harvested is smaller than before but the reason for harvesting smaller fish is because of disease problems in many farms forcing producers to harvest early. This will have repercussions for Chile's total output for the year with potential shortages appearing at the end of the year or early 2009.

Chile's export quantities to Japan in the first semester showed an increase. This is a welcome break in the downward trend experienced over the last few years. US imports from Chile were on the other hand weaker. Very positive is

Exports (unit value)
Salmon and Trout: Chile

	Jan-Dec 2004	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-June 2007	Jan-June 2008
	(in US$/kg)					
Salmon	4.10	4.40	5.80	6.02	4.54	4.19
Frozen	3.90	4.20	5.40	5.54	5.36	4.55
Fresh	4.10	4.60	6.80	6.73	7.21	6.17
Canned	5.80	6.00	5.75	6.72	6.92	6.15
Salted	4.50	4.40	6.06	7.00	6.50	6.75
Smoked	9.10	9.80	11.60	12.66	12.70	12.55
Trout	4.00	4.70	5.20	4.71	5.01	4.15
Frozen	3.90	4.50	5.20	4.48	4.82	3.90
Fresh	4.30	5.00	6.20	6.13	6.54	5.32
Canned	8.00	9.00	6.10	5.50	6.67	6.63
Salted	4.40	4.70	4.84	4.89	4.84	4.78
Smoked	5.10	5.20	9.20	9.76	9.86	10.06
Average	**4.10**	**4.49**	**5.66**	**5.77**	**4.64**	**4.18**

Source: Boletín de Exportaciones del IFOP

Exports (value)
Salmon and Trout: Chile

	Jan-Dec 2004	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-June 2007	Jan-June 2008
	(in million US$)					
Salmon	1109.7	1368.9	1694.8	1714.6	975.1	945.6
Frozen	639.2	853.7	1088.2	1014.7	549.9	538.7
Fresh	413.4	455.1	578.1	635.6	342.1	323.8
Canned	26.8	29.9	20.4	21.5	11.1	12.7
Salted	8.7	2.6	8.1	5.6	2.6	2.7
Smoked	21.7	24.3	30.5	36.7	18.4	18.8
Trout	329.7	352.3	483.9	523.4	339.1	280.2
Frozen	289.8	304.6	427.7	462.8	309.8	239.8
Fresh	5.6	3.4	7.6	19.0	8.9	20.0
Canned	22.1	32.5	1.0	1.1	0.7	1.1
Salted	11.0	9.5	8.6	4.4	2.5	0.3
Smoked	1.3	1.3	39.0	36.1	17.2	19.0
Total	**1439.4**	**1721.2**	**2178.7**	**2238.0**	**1284.9**	**1239.4**

Source: Boletín de Exportaciones del IFOP

the development of Chile's exports to its neighbouring countries which now have overtaken the EU as an export market for Chilean salmon.

France showed higher imports of salmon in 2008, mainly importing fresh salmon from Norway. Total imports were up by 10% in the first half of the year, when compared to 2007.

Less salmon than forecast

With ongoing production problems in both the two major supplying countries, Norway and Chile, total output in 2008 and 2009 will be less to what was previously expected. At the same time, demand is being softened by the general economic turbulence. The result should be a market in balance with some firming of prices towards the end of the year and early 2009. In Chile the supply situation could deteriorate with much higher prices next year compared to the averages for 2008.

Exports (quantity)
Salmon and Trout: Chile

	Jan-Dec 2004	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Salmon	273.1	309.0	291.5	284.7	215.0	225.8
Frozen	163.6	201.7	201.7	183.4	102.6	118.4
Fresh	100.5	98.5	85.0	94.4	47.5	52.5
Canned	4.7	5.0	3.5	3.2	1.6	2.1
Salted	1.9	0.6	1.3	0.8	0.4	0.4
Smoked	2.4	2.5	2.6	2.9	1.4	1.5
Trout	81.7	74.7	93.3	111.1	61.9	70.8
Frozen	74.9	67.9	86.1	103.2	58.1	64.9
Fresh	1.3	0.7	1.0	3.1	1.4	3.8
Canned	2.8	3.6	0.2	0.2	0.1	0.2
Salted	2.5	2.0	1.8	0.9	0.5	0.1
Smoked	0.2	0.5	4.2	3.7	1.7	1.9
Total	**354.7**	**383.7**	**384.8**	**387.9**	**276.8**	**296.6**

Source: Boletín de Exportaciones del IFOP

Imports
Salmon: France

	Jan-Dec 2004	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-June 2007	Jan-June 2008
	(1 000 tonnes)					
Fr. salmon	76.5	88.9	86.2	88.5	37.5	41.3
Norway	40.0	60.2	59.1	63.3	28.7	29.9
UK	23.8	17.9	18.7	17.8	7.5	8.0
Fz Pac. salmon	7.2	5.7	5.9	5.3	1.2	1.0
USA	6.6	5.1	5.6	5.3	1.0	0.5
Fz Atl. salmon	3.0	4.2	4.9	4.5	2.0	1.5
Sm. salmon	3.3	3.8	5.0	4.1	1.6	2.0
UK	2.4	2.8	2.1	1.0	0.3	0.2
Fr. fil. salmon	5.4	5.0	5.2	5.0	2.6	2.6
Norway	4.6	3.9	4.3	3.6	1.6	2.3
Fz fil. salmon	13.5	16.1	18.3	18.9	8.5	9.1
Chile	5.4	8.3	9.2	9.1	4.3	4.1
China	2.3	2.5	3.6	3.5	1.8	2.4
Grand Total	**108.9**	**123.6**	**125.4**	**126.3**	**51.8**	**55.5**

Source National Statistics

TILAPIA

Difficult supply situation due to Chinese disaster

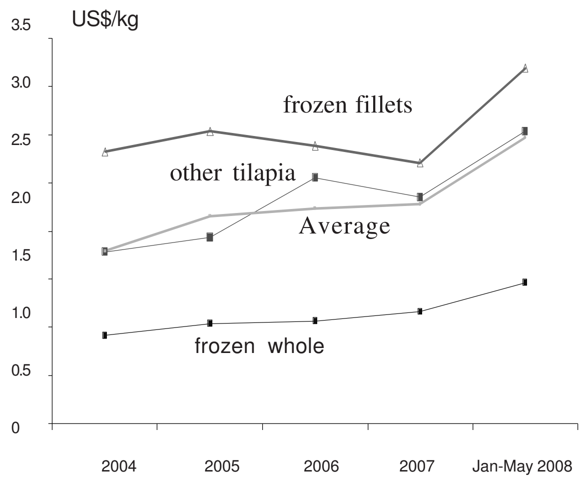
As foreseen in the previous issue of GLOBEFISH Seafood Highlights, tilapia supply to the US market was curtailed by the problems experienced by Chinese producers during the cold winter 2007-2008, which destroyed several tilapia production centres. As a result, supply is extremely low, and all exports from China declined sharply: -25% for whole frozen tilapia and -13% for frozen tilapia fillets.

Tilapia slow down already over

Total tilapia exports seem to have already recovered from the slow down experienced in the second quarter of the year. In the January to August 2008 period, some 137 000 tonnes were exported, some 2 000 tonnes more than in the same period last year. Thus in just three months (June-August 2007) the Chinese tilapia industry managed to send 8 000 tonnes more to the market than last year. With higher prices reported for all tilapia products, the total value of Chinese tilapia exports reached US$ 407 million in the first eight months of the year, some US$ 100 million more than in the same period of 2007. This represents quite an impressive increase in export earnings.

The main products exported from China are frozen fillet with some type of value addition, mainly breading or some sauces. This product group represents an amazing 93% of total Chinese tilapia exports. Unit value of this product grew significantly, from an average US$ 2.35/kg in 2007 to US$ 3.00/kg in 2008.

Unit value tilapia exports: China



Source: elaborated from national trade statistics

Exports Tilapia: China

	2004	2005	2006	2007	Jan-Aug. 2007	Jan-Aug. 2008
		(1 000 tonnes)				
USA	62.9	80.9	104.7	122.0	78.5	69.8
Mexico	15.9	16.3	32.9	39.3	23.2	24.5
Russia	0.0	0.0	5.5	19.3	13.8	14.1
Israel	0.7	1.3	3.7	4.1	2.5	2.2
Germany	0.0	0.7	1.7	1.3	1.3	1.0
Hongkong China	1.0	0.8	1.7	1.5	1.0	0.2
Belgium	0.0	1.1	1.4	1.4	1.3	1.3
Porto rico	0.5	0.9	1.3	1.3	0.7	0.7
Dominica Rep.	0.1	0.5	1.0	1.4	0.1	0.1
Canada	1.1	1.1	1.0	0.7	0.4	0.3
Others	8.2	9.3	26.9	22.9	12.3	22.8
Total	**90.4**	**112.9**	**181.8**	**215.2**	**135.1**	**137.0**

Source: GLOBEFISH

China is trying to diversify its tilapia markets, in order to avoid too close dependence on just one market. As a result the share of the USA as market of Chinese tilapia exports declined between 2007 and 2008 from 58% to 51%. In addition to the US market, Chinese tilapia is also present in several other important markets, such as Mexico and Russia. Both countries expanded their imports from China in 2008.

Other tilapia producers took advantage

Other suppliers took advantage of the difficult situation in China. On one hand, catfish exports to the US market boomed in the first of 2008 (see pangasius/catfish article), while on the other hand, exports of frozen tilapia from other Asian suppliers went up steeply. The main advantage was

Exports
Tilapia: China

	2004	2005	2006	2007	.....Jan-Aug.... 2007	2008
			(1 000 tonnes)			
frozen whole	43.8	40.5	46.9	14.0	10.8	6.4
frozen fillets	37.2	55.4	35.0	5.1	2.9	3.4
other tilapia	8.0	15.8	98.9	196.1	121.4	127.2
Total	**89.0**	**111.7**	**180.8**	**215.2**	**135.1**	**137.0**
			(million US$)			
frozen whole	40.1	41.9	50.0	16.3	12.8	9.3
frozen fillets	104.9	168.1	101.0	13.9	7.7	12.6
other tilapia	14.2	30.7	252.5	460.7	285.5	385.2
Total	**159.2**	**240.7**	**403.5**	**490.8**	**306.0**	**407.1**

Source: GLOBEFISH

taken by fresh fillet exporters, mainly coming from Latin America, who could report a 13% increase in their shipments.

As a result of poor supply from China, prices of all tilapia products went up in the US market, to unprecedented levels. Fresh tilapia fillets reached almost US$ 4.00/lb in September 2008, some 25% ahead of the level one year earlier. Frozen tilapia fillets, the main product traditionally supplied by China, went up even more in percentage terms: US$ 2.60/lb, 63% higher than in September 2007. Further price increases are likely, at least until the new Chinese production reaches the market, in mid 2009.

Total tilapia imports (all product forms) were 84 200 tonnes in the first half of 2008, some 4 000 tonnes less than in the same period of 2007. The frozen fillet categorywas mainly responsible for this decline, while frozen whole was surprisingly stable. Fresh fillets expanded with China emerging as a supplier of this product to the US market.

Frozen tilapia fillet imports to the US market were 43 200 tonnes in the first half of 2008, down from 48 100 tonnes in the same period of 2007. Despite the substantial declines in exports, China still dominates US frozen tilapia fillet imports. Its share, however, fell to 85% which compares to 90% of total supply in 2007. Indonesia is a distant second for this product form, shipping 4 800 tonnes in the first half of 2008, 23% more than in 2007.

Frozen whole tilapia exports to the US market fell in 2008, but less than other frozen fillets. China also dominates this market segment but its share in total exports of this product to the US market fell to 57%, down from 70% in 2007. In this segment, Thailand managed to expand exports from 100 tonnes to 1 800 tonnes, a presence which is likely to continue in coming years. Taiwan (Province of China) also managed to recover some market share in this segment.

Imports
Whole Frozen Tilapia: USA

	2004	2005	2006	2007	......Jan-june 2007	2008
			(1 000 tonnes)			
China	31.8	30.9	40.5	32.5	19.4	14.7
Taiwan PC	24.9	24.1	18.3	13.5	6.9	8.3
Thailand	0.1	0.2	0.6	0.2	0.1	1.8
Ecuador	0.1	0.1	0.1	0.2	0.0	0.0
Hong Kong	0.1	0.0	0.2	0.1	0.1	0.1
Panama	0.1	0.5	0.4	0.1	0.0	0.1
Indonesia	*	0.2	0.3	0.0	0.0	0.1
Others	0.2	0.6	0.4	0.3	0.1	0.5
Total	**57.3**	**56.5**	**60.8**	**46.9**	**26.6**	**25.6**

Source: GLOBEFISH, *) included under others

Imports
Fresh Tilapia Fillets: USA

	2004	2005	2006	2007	......Jan-June.... 2007	2008
			(1 000 tonnes)			
Ecuador	10.2	10.6	10.9	11.9	6.6	4.7
Costa Rica	4.1	3.7	2.7	4.8	2.1	2.9
Honduras	4.0	6.6	7.3	7.9	4.2	4.5
China	0.0	0.0	0.0	0.0	0.0	1.2
Taiwan PC	0.1	0.0	0.0	0.0	0.0	0.4
Brazil	0.3	1.0	1.0	0.2	0.1	0.3
El Salvador	0.3	0.3	0.2	0.3	0.1	0.2
Panama	0.1	0.1	0.1	0.0	0.0	0.0
Others	0.4	0.5	0.9	1.1	0.5	1.2
Total	**19.5**	**22.7**	**23.1**	**26.2**	**13.6**	**15.4**

Source: GLOBEFISH

Fresh tilapia boom

The fresh tilapia fillet category grew strongly in the first half of 2008, in part as traders shifted towards fresh fillets as frozen fillets from China became scarce. Latin American countries dominate this market, taking advantage of the relative proximity to the US market, which reduces shipments costs. In the first half of 2008, imports were 15 400 tonnes, some 1 800 tonnes more than in the same period of 2007. This was mainly due to a recovery of Costa Rican tilapia production, after the disease problems of late 2005 and early 2006. Honduras also reported higher

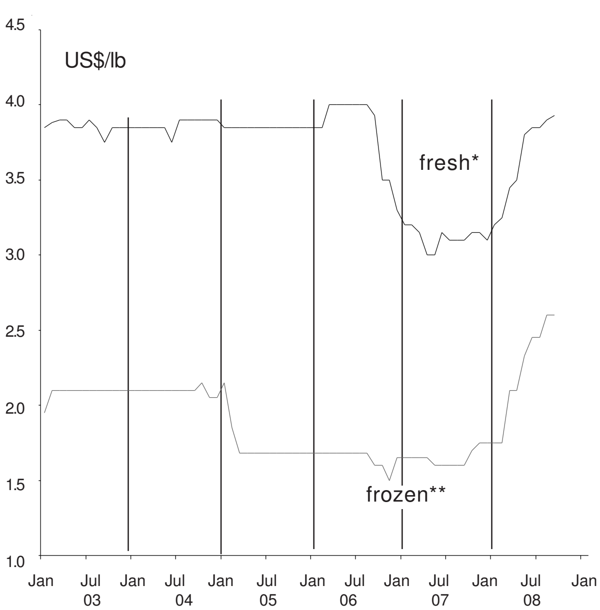
Imports
Frozen Tilapia Fillets: USA

	...Jan-Dec... 2004	2005	2006	2007	...Jan-June... 2007	2008
	(1 000 tonnes)					
China	28.1	44.1	63.3	87.5	42.4	36.6
Indonesia	4.3	6.4	7.1	8.6	3.9	4.8
Taiwan PC	2.7	3.1	3.1	2.6	1.1	1.2
Thailand	0.7	0.9	0.2	0.0	0.0	0.1
Ecuador	0.2	0.3	0.2	0.4	0.0	0.2
Viet Nam	0.0	0.4	0.0	0.1	0.0	0.0
Panama	0.1	0.2	0.2	0.2	0.1	0.1
Others	0.1	0.3	0.2	1.2	0.6	0.2
Total	**36.2**	**55.6**	**74.4**	**100.6**	48.1	43.2

Source: GLOBEFISH

exports to the US market in 2008, almost overtaking Ecuador. Tilapia farmers in Ecuador are unhappy about rising costs, as feed prices have increased more than the higher sales returns. Ecuador is in a way an unusual tilapia producing country as in these times of high feed prices many farms switched from tilapia to shrimp farming. As a result, Ecuadorian tilapia exports to the US market declined by almost 30% in the first half of 2008 as compared to last year.

Wholesale price
Tilapia fillets: USA



*) origin South America, **) origin China
Source:INFOFISH Trade News

Imports
Tilapia (by product form): USA

	...Jan-Dec... 2004	2005	2006	2007	...Jan-June... 2007	2008
	(1 000 tonnes)					
Whole frozen	57.3	56.5	60.8	46.9	26.6	25.6
Frozen fillets	36.2	55.6	74.4	100.6	48.1	43.2
Fresh fillets	19.5	22.7	23.1	26.2	13.6	15.4
Total	**112.9**	**134.9**	**158.3**	**173.7**	88.3	84.2

Source: GLOBEFISH

In this period of scarce production, China entered into the attractive fresh fillet market, immediately becoming number four supplier. Some 1 200 tonnes were exported from this country, up from zero in 2007. This competitor will not be greeted with pleasure by the Latin American suppliers. In the past, it was evaluated that the transport cost would make the shipments of fresh fillets from China not economical; evidently the present high fresh fillet prices make up for the high cost of airfreight.

Tilapia is selling at US supermarkets for between US$4.99/lb and US$ 5.99/lb on average, and is typically promoted at between US$ 3.99/lb and US$ 4.99/lb — about US$ 1.00/lb higher than last year's promotional price.

Good demand for tilapia in the USA

The discussion of tilapia not providing enough omega-3, as reported in the last issue of the GLOBEFISH Seafood Highlights, seems to have had no impact on US tilapia consumption. While tilapia buyers are dealing with supply problems and price increases, the good news is that consumers are still buying tilapia. Consumption will be down in 2008, but this is mainly due to less tilapia arriving on the market. Ecuador is expected to return to tilapia farming, now that feed costs are normalising, while tilapia sales' prices are reported to be very attractive.

For the first time in history, US imports of tilapia are likely to fall in 2008. Some 160 000 tonnes can be estimated, down from 173 700 tonnes in 2007. This decline should lead to some higher prices of other whitefish species in coming months.

With tilapia production in China improving in recent months, it is foreseeable that the tilapia market will turn back to last year's level, that is plenty of supply and lower prices. However, the ability of China to diversify its exports to smaller markets, especially in Eastern Europe and Africa, will stabilize tilapia prices.

VASEP forecasts US$ 1.2 billion worth of pangasius exports

Viet Nam's catfish exports are expected to earn US$ 1.2 billion in 2008, accounting for 29% of the country's total seafood export value, according to the Vietnam Association of Seafood Exporters and Producers (VASEP). However, catfish farmers in the Mekong Delta have been badly affected by their own unplanned development. Supply went down drastically, and prices have sky-rocketed in recent months. Russia and Spain are the main outlets for Vietnamese catfish, and more markets are about to be explored. Despite the present shortage, 2008 will again be a record year for the Vietnamese catfish industry, and expectations for 2009 are even more optimistic.

Strong price increases reported

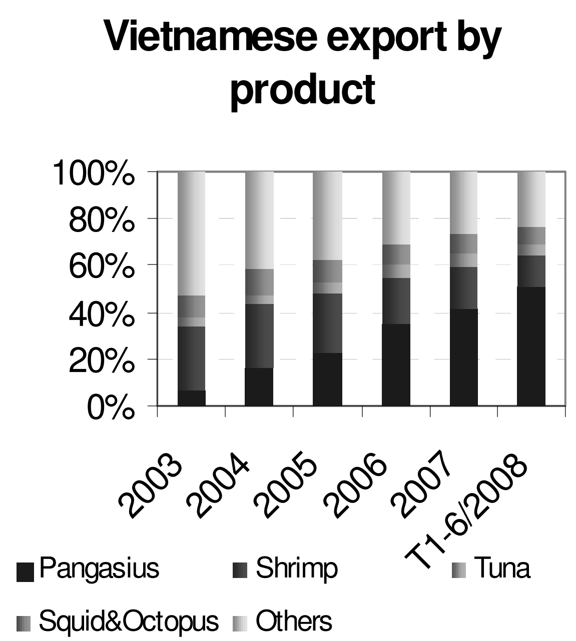
At present, supply is scarce, while early in 2008, there was oversupply and very low prices on the market. At present prices are moving up, producers take advantage of these high prices and are restarting investments. However, the present shortage of catfish is expected to last until next year's first quarter. Prices increased by almost 10% in just one month. Processors are rushing for the fish to meet increasing demand for exports when markets are expanded to Russia, Ukraine, East Europe and the Middle East. Larged sized catfish, the most sought after size in these markets, is in very low supply.

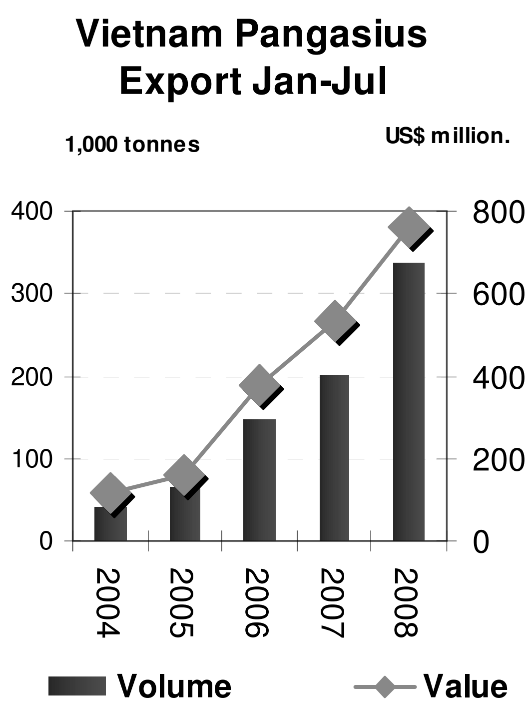
2008 a further expansion of the pangasius exporting trend towards new markets in Eastern Europe Markets such as Ukraine, Russia, and Poland. These are much easy relaxed markets, being used of consuming freshwater and

Imports
Frozen Catfish: USA

	Jan/June 2005	2006	2007	2008
	(1 000 tonnes)			
Viet Nam	3.6	3.4	7.3	12.5
China	0.8	1.9	7.8	9.2
Thailand	0.0	1.5	2.9	3.5
Malaysia	0.0	1.4	0.5	0.5
Indonesia	0.0	0.0	0.4	0.4
Others	0.7	0.6	0.3	0.7
Total	5.1	8.7	19.1	26.8

Source: GLOBEFISH





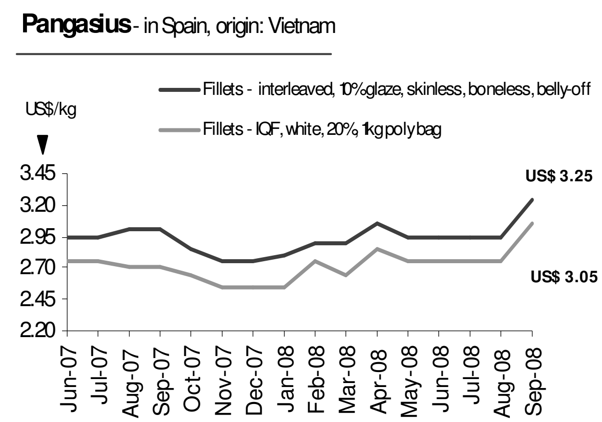
low price products. In recent years, Ukraine has been emerging as a big potential market for Viet Nam seafood industry. From January to July 2008, Viet Nam exported 40 000 tonnes of seafood to the country. The volume brought US$ 76 million to Viet Nam. These figures were sharply up 221% in volume and 205% in value over the same period of last year. In value term, Ukraine is also the third biggest importer of Vietnamese pangasius, following Russia with US$ 107.5 million and Spain (US$ 75.4 million).

In the first half of 2008, some 263 000 tonnes of pangasius were exported, up 53% in quantity. The value of exports was US$ 608 million, 34% more than in the same period of 2007. The growth figure already shows that there was a decline in unit value: US$ 2.30/kg in the first half of 2008, compared toUS$ 2.70/kg in the first half of 2007.

The EU is the main market for pangasius from Viet Nam, with about 36% of imports in quantity terms. Spain is the biggest market, growing by 38%. Russia is the main market doubling its imports to 44 600 tonnes in the first half of 2008. The unit value is at US$ 1.65/kg about one dollar below the prices paid in the EU. Egypt was identified as an interesting market, importing almost 10 000 tonnes, three times the 2007 import figure. In the past Russia was considered an easy going market, but at present the national veterinarian office is implementing stricter regulations on all fish products, including Vietnamese pangasius production.

In addition to the new markets in Eastern Europe, Viet Nam also managed to recover some US market share, due to reduced anti-dumping rates of the species there. Due to sluggish supply of tilapia fillets to the US market, traders are looking for valid alternatives, and pangasius comes in as an acceptable and inexpensive substitute. Vietnamese pangasius has to compete with the Chinese catfish, which sells at about US$ 0.10-0.15/lb lower price levels.

The Spanish market is growing steadily, creating a lot of concern among traditional fishermen about the competition coming from pangasius fillets. Very often, the product is sold thawed, without indicating that it was previously frozen and without indicating the country of origin. This is a violation of the EU trazability food law. Prices of pangasius in Spain have gone up recently, as a reaction of higher raw material prices, but also in response to strong inflation rates reported from the Spanish food market.



Pangasius to influence whitefish market

In order to ensure the Vietnamese industry's goal of US$ 1.5 billion in pangasius export earnings in 2009, as much as 1.2 million tonnes of catfish are needed to produce 600 000 tonnes of fillets. The EU market seems to have reached a ceiling, while US and Eastern European markets for Vietnamese catfish are expected to grow. Chinese catfish should perform very well in the US market, recovering from the cut back in late 2007, due to food safety problems. The present food scare in China (milk products), will however put all Chinese food products under close scrutiny by all food security control authorities worldwide. From end of 2009, USDA will have the authority to regulate catfish, taking it out of the hands of NMFS. Under this law, the USDA would bring the catfish processing industry under USDA and FSIS inspection regulations in the same manner as they currently inspect meat and poultry. This will probably lead to problems for Vietnamese panga in the US market