

## 2.1 FRESH AND FROZEN TUNA

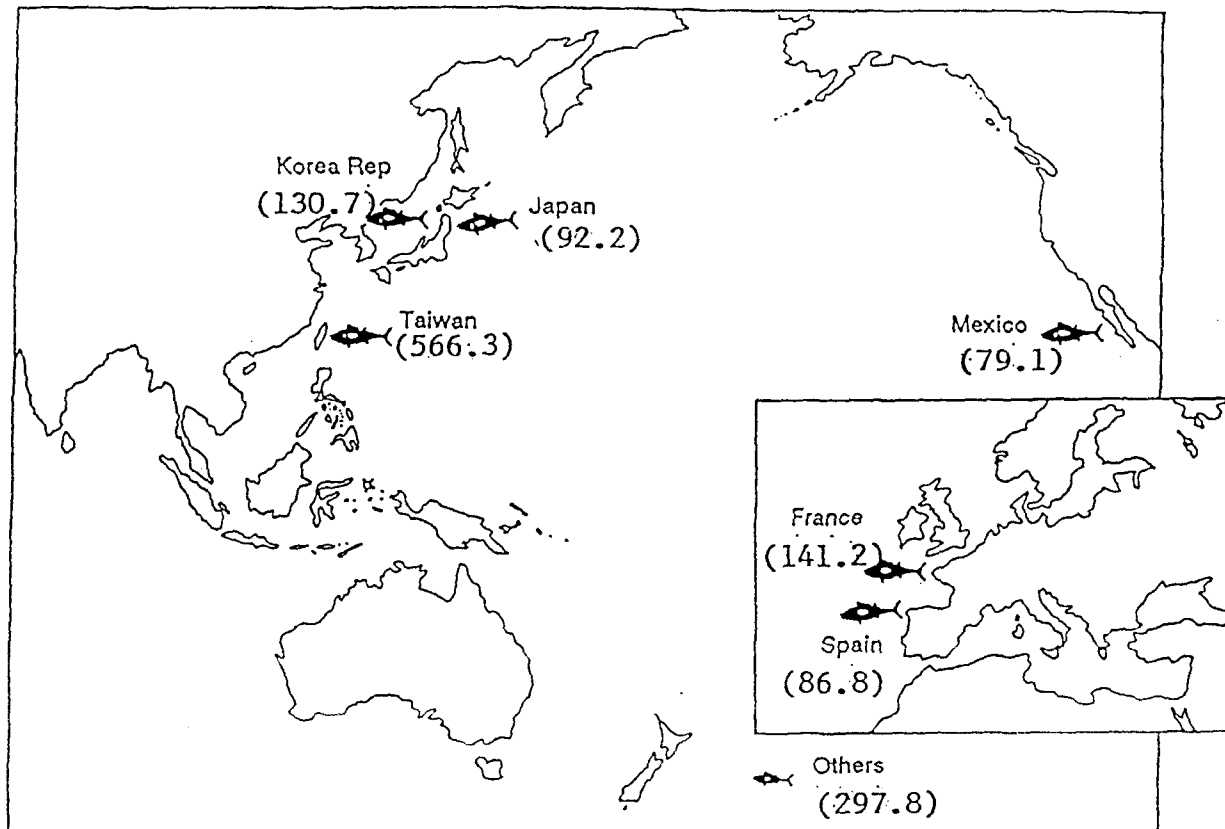
### 2.1.1 EXPORT

Taiwan is by far the main fresh and frozen tuna exporter in the world. About 40% of world exports of fresh and frozen tuna (in volume terms) is coming from this island. Japan is the biggest importer of Taiwanese tuna. In 1993, Japan was flooded with frozen Yellowfin exported by Taiwan and prices declined sharply on the Japanese sashimi markets as a consequence. Japanese producers and their counterparts in Taiwan decided to keep frozen Yellowfin exports to Japan at a lower level (100,000 metric tonnes(MT) were fixed as an upper limit), and hence Taiwanese tuna exports have gone down in 1994. France is the second major exporting country. The French exports its catches mainly to Italy and USA.

Figure 1 shows that the main exporting countries of fresh and frozen tuna are concentrated in Eastern Asia (Taiwan, Republic of Korea and Japan) and in Europe (France and Spain). Other producing countries, such as the USA and Indonesia for example, participate less in exports of fresh and frozen tuna, as the tuna catch is mainly used by the domestic processing industry.

FIGURE 1

FRESH AND FROZEN TUNA EXPORTS  
1994 IN MT '000



SOURCE:

GLOBAL INDUSTRY UPDATE, TUNA, 1991  
MALAYSIA INFOFISH

What is interesting to note is the increase of fresh tuna exports in recent years. Some 155,000 MT of fresh tuna was traded in 1993, a three-fold increase in a decade. Japan is by far the main importer of fresh tuna, while Indonesia is the main supplier of this specific product form.

#### 2.1.2 IMPORT

With its booming canned tuna industry, Thailand has become the world's importer of fresh and frozen tuna. Some 407,000 MT were imported in 1993, which is somewhat lower than the peak of imports reached with almost 500,000 MT in 1991. Practically all the imported tuna is canned in Thailand and exported to the USA and Europe. Some tuna is loined in Thailand and exported to canneries in the USA and Europe. The Thai fresh and frozen tuna imports reflect the ups-and-downs of its tuna canning industry. In fact in 1994, less tuna was imported as prices were very high. While some more tuna should have entered the Thai market in early 1995, the overall economic environment of the Thai tuna canning industry at that time was bleak. Skipjack is the main species imported by Thailand for canning. Only in years of low Yellowfin prices, Skipjack is replaced by Yellowfin.

Japan continues to be the main market for fresh and frozen tuna. Most of the imported tuna is consumed as *sashimi* in raw form. For *sashimi* tuna, there have to be stringent quality standards, in order to provide a safe product to the consumer. Yellowfin and Bigeye are the two species mainly imported by Japan in fresh and frozen form. However there has been a decline of Japanese imports between 1993 and 1994, due to voluntary ban by Taiwanese exporters on the quantity traded. As a result fresh and frozen Yellowfin imports into Japan declined by 19% to 143,000 MT. On the other hand, frozen Bigeye imports has expanded substantially. The trend of reduced Yellowfin imports and strong expansion of Bigeye imports by Japan has continued in recent months. In the first half of 1995, Bigeye overtook Yellowfin among fresh/frozen tuna import items. Bigeye imports expanded by 22 percent in the first half of 1995, while Yellowfin imports declined further.

The USA is the third major importer of fresh and frozen tuna, to supplement tuna supplies to its canneries. In the early 1980s, imports of frozen tuna into USA were exceeding 270 000 MT. Currently this figure is down to 136,000 MT. This figure does not include imports of tuna by USA overseas territories. The decline in tuna imports is mainly caused by the move of US canneries away from the Mainland to American Samoa.

Major importers of fresh and frozen tuna include also Spain and Italy with over 100,000 MT imported every year. Italy has expanded its imports of frozen tuna loins in recent years, in order to reduce domestic labour costs. In 1994, some 20,000 MT of frozen tuna loins were imported into Italy, 3000 MT more than in 1993. The relative decline in Italian tuna imports can be explained by the increase in use of tuna loins. In liveweight terms, the imports of cannery raw material tuna is quite stable at 120,000 MT.

Figure 2 shows clearly that Asia is predominant in imports of fresh and frozen tuna while the USA and Europe also have a significant share in the market.

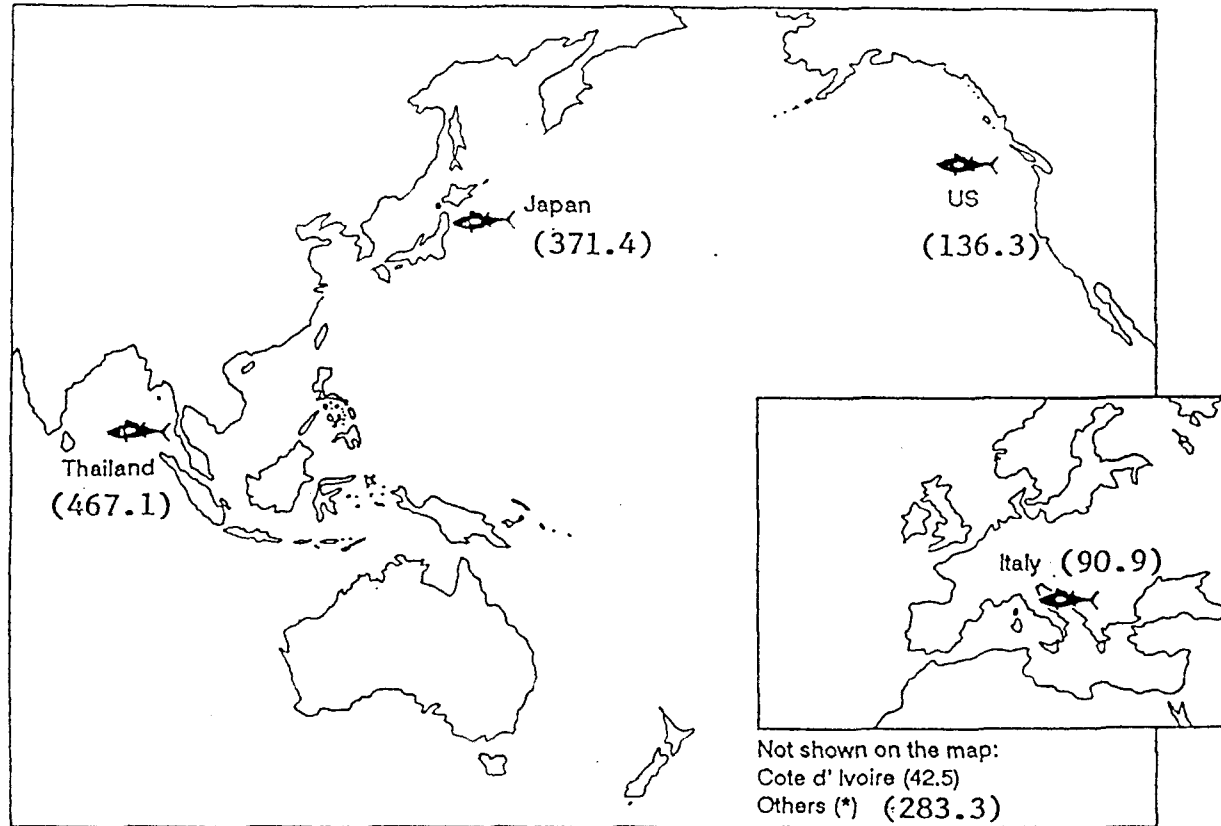
## 2.2 CANNED TUNA

### 2.2.1 EXPORT

Thailand is by far the leading canned tuna exporter in the world. Thailand is importing about 400,000 MT-500,000 MT of fresh and frozen tuna per year, to export between 230,000 MT-270,000 MT canned product every year. The industry started in 1982, and had experienced a constant growth until 1991.

FIGURE 2

FRESH AND FROZEN TUNA IMPORTS  
1994 IN MT '000



14

SOURCE:

GLOBAL INDUSTRY UPDATE, TUNA, 1991  
MALAYSIA INFOFISH

In 1992, several problems (controls in the USA, import quotas in the EU), led to cut backs in exports. In 1994, Thai canned tuna exports revived due to better exports to the USA, and higher quotas in the EU (European Union).

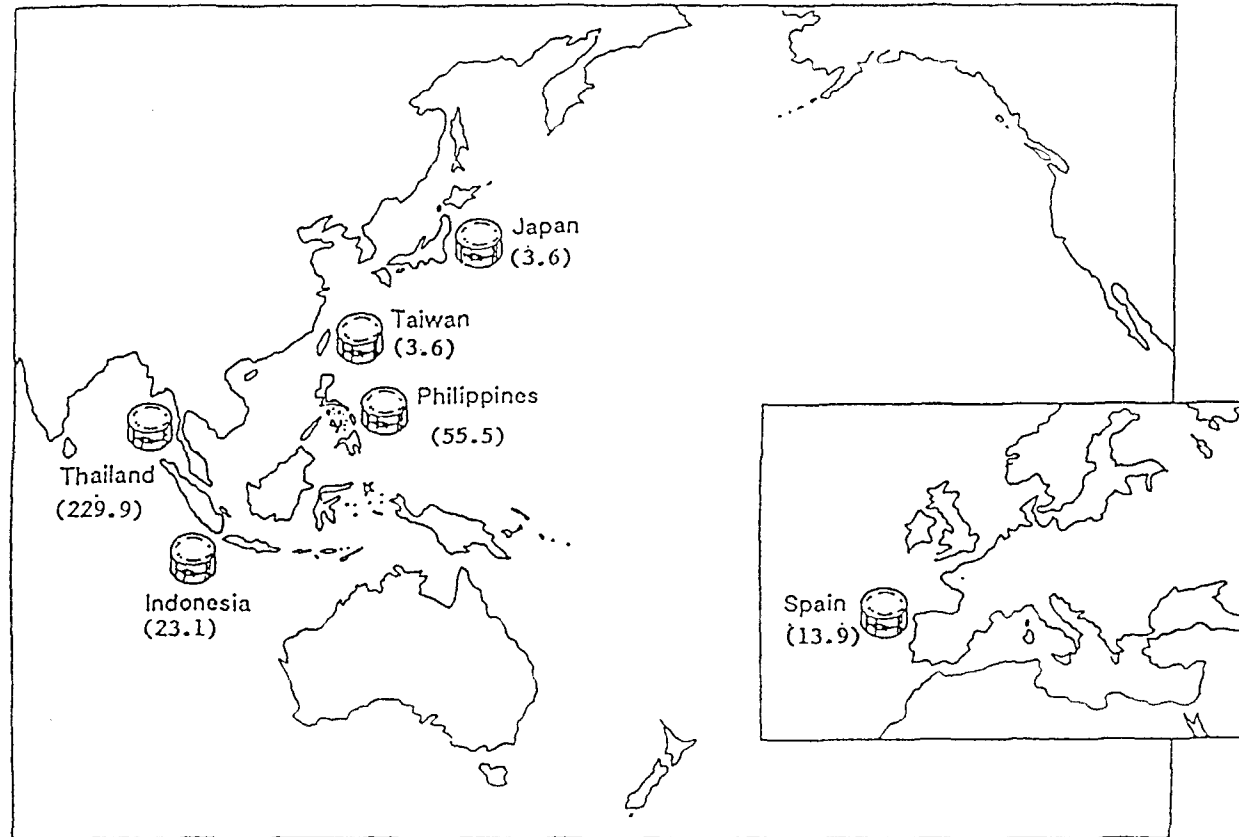
Canned tuna exporters who are concentrated in the South East Asian region are Thailand, Philippines and Indonesia (Figure 3).

### 2.2.2 IMPORT

Despite some ups-and-downs, the USA continues to be the main canned tuna importing country in the world (Figure 4). During its peak years the USA import figures reached 160,000 MT. In normal years it is around 110,000 MT. The good links with the USA market was the main reason behind the success story of the Thai tuna canning industry.

The second major canned tuna importing country is France. Their imports come mainly from African countries - traditionally Cote d'Ivoire and Senegal. In more recent years imports also arrive from Seychelles and Madagascar. French canned tuna imports have grown steadily over the years to over 80,000 MT in 1994.

FIGURE 3  
WORLD CANNED TUNA EXPORTS  
1994 IN MT '000



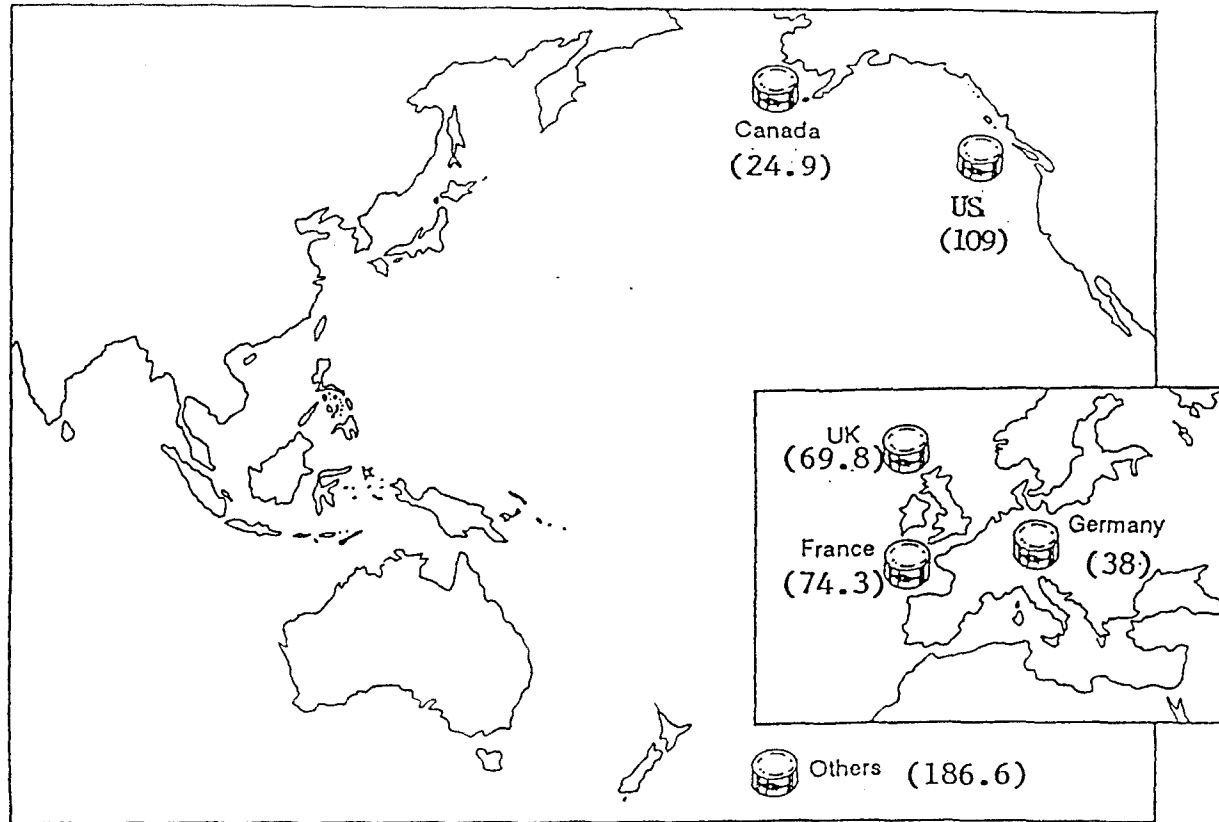
SOURCE:

GLOBAL INDUSTRY UPDATE, TUNA, 1991  
MALAYSIA INFOFISH



FIGURE 4

WORLD CANNED TUNA IMPORTS  
1994 IN MT '000



SOURCE:

GLOBAL INDUSTRY UPDATE, TUNA, 1991  
MALAYSIA INFOFISH

UK and Germany are the other two main canned tuna importers in Europe. Their imports fluctuate around 70,000 MT and 40,000 MT respectively. The quantity depends on stock holdings in the country and on the world price. Germany is a very price conscious market, buying at the lowest price range, mainly Skipjack flakes. In the UK market, there is a certain niche for higher priced products. Such products are imported from countries such as Fiji and Mauritius. Thailand is the main supplier to both UK and Germany.

It accounts for more than half of the supply to these two countries. Incidentally, Italy is growing to be a major importer on canned tuna in Europe.

### 2.3 PRICE TRENDS

The tuna market is in fact a world market, with prices following the same trend, depending on the performance of the tuna fishing fleet. The tuna market is a supply driven market. As Yellowfin and Skipjack are the two major species in the market I will now deal with them. I will also touch on the prices of canned tuna.

### 2.3.1 YELLOWFIN

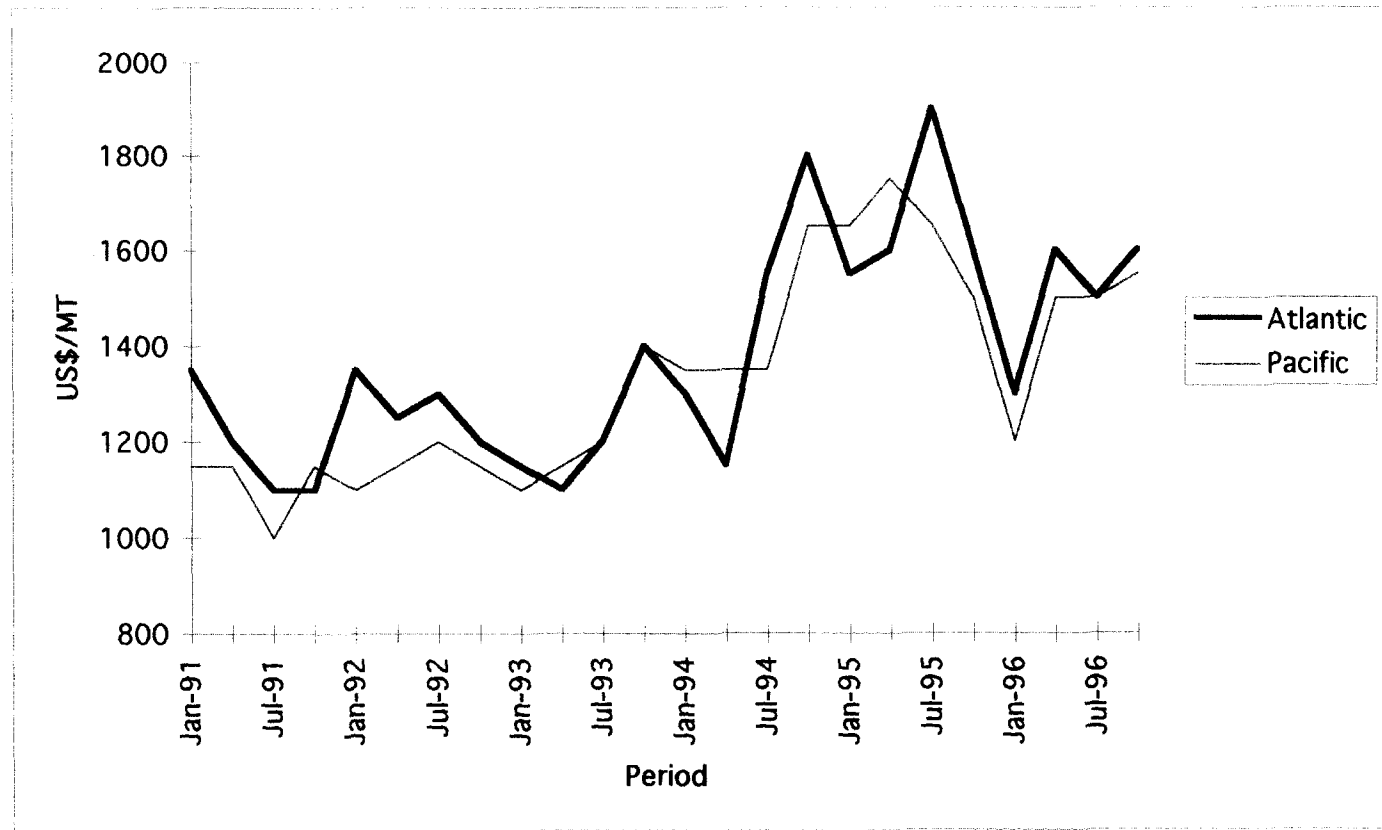
The graph (Figure 5) shows the price development of large Yellowfin (greater than 20 kg) on the Italian market. This market is in fact the trend setter for Yellowfin prices, as these prices are the highest with regards to canning raw material. Prices were quite high in early 1990. It declined in 1991. Levels around US\$1,000/MT were reached in 1991. Since early 1993 catches of Yellowfin in the Indian Ocean were poor. Consequently prices have gone up steadily with a temporary set back in early 1995. Prices were almost US\$2,000/MT around July 1995 which is nearly double the 1991 level. However prices took a dip in January 1996 and is steadily picking up again.

Yellowfin imported into Italy is mainly coming from Spanish and French vessels. Prices are quoted in French Francs and Spanish Pesetas.

### 2.3.2 SKIPJACK

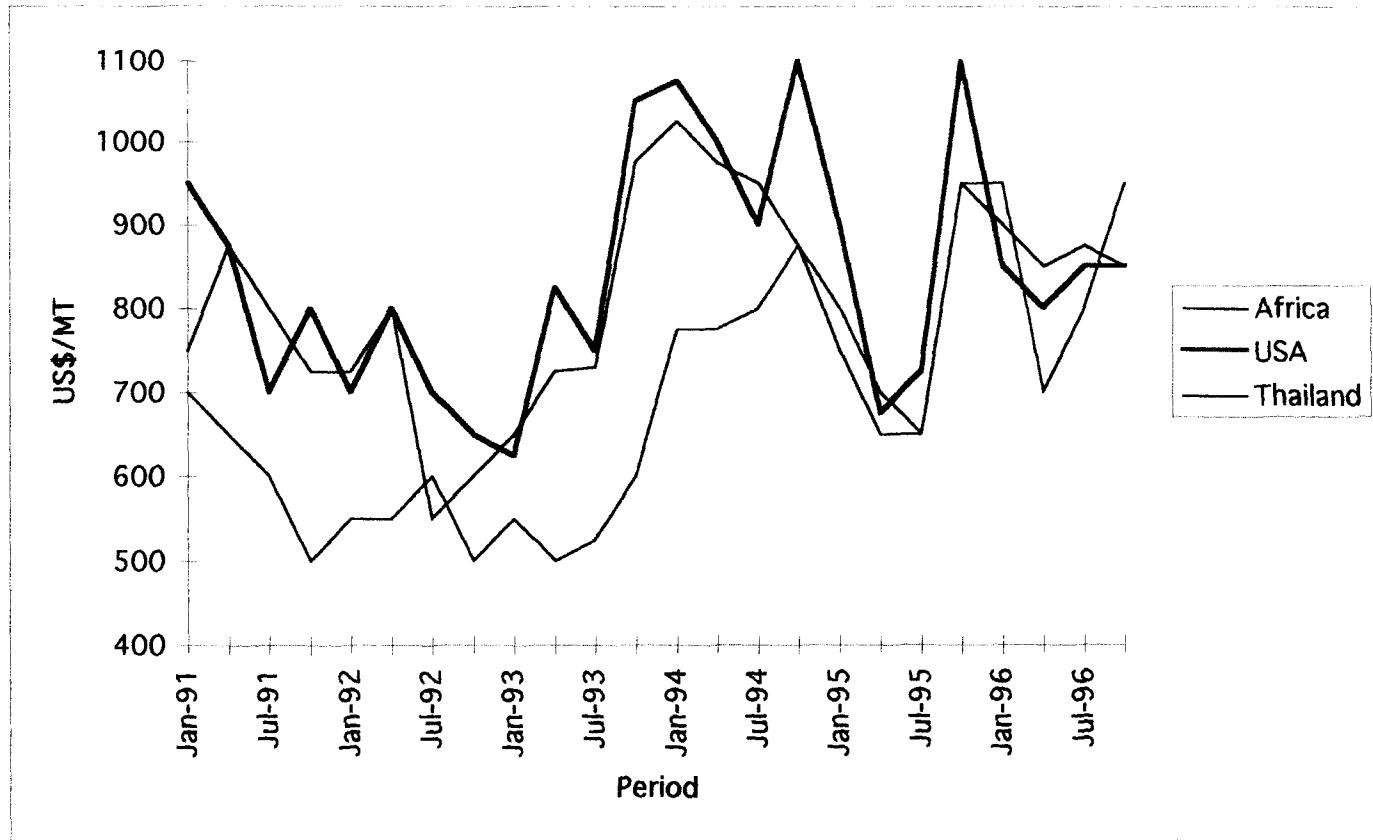
In 1990 and 1991, Skipjack prices followed a similar declining trend as Yellowfin prices (Figure 6). In Africa, prices were much lower while Thailand always paid the highest price. In January 1993, a low of US\$600/MT was reached

**Figure 5**  
**C&F Prices Yellowfin: Italy**



Source : INFOFISH Trade News, GLOBEFISH AN 10224

**Figure 6**  
**C&F Prices Skipjack: Africa, USA, Asia**



Source : INFOFISH Trade News, GLOBEFISH AN 11111, 11112, 11113

for Skipjack on the world market. From this date onward, tuna catches were limited and prices have gone up to about US\$800-1000/MT in 1994. In early 1995, Skipjack prices suddenly collapsed. For once, it was not an over supply of Skipjack on the market, but the reluctance of Thailand to buy due to internal economic problems. Prices declined sharply to hit US\$650/MT in April 1995. At this price level, Japan, the main supplier to the Thai market, refrained from selling, and prices soared to US\$1,100/MT. However there was some normalisation in the beginning of the year. The supply of Skipjack increased, leading to a drop in prices. The present sales price in Bangkok is around US\$850/MT. With the lower raw material prices, the Thai canners were able to offer at more attractive prices, which will lead to a normalisation of the canned tuna market in the coming months. In the long run, the tuna supply is forecast to be tight, due to the aging of the fleet and the lack of under-utilised stocks worldwide.

### 2.3.3 CANNED TUNA

It is interesting to note that canned tuna prices are following those of frozen tuna with a certain - say 6 months - time lag. Consequently canned tuna prices in both USA and in Europe were lowest in the beginning of 1993, following the very low price levels of frozen Skipjack experienced in the course of 1992.

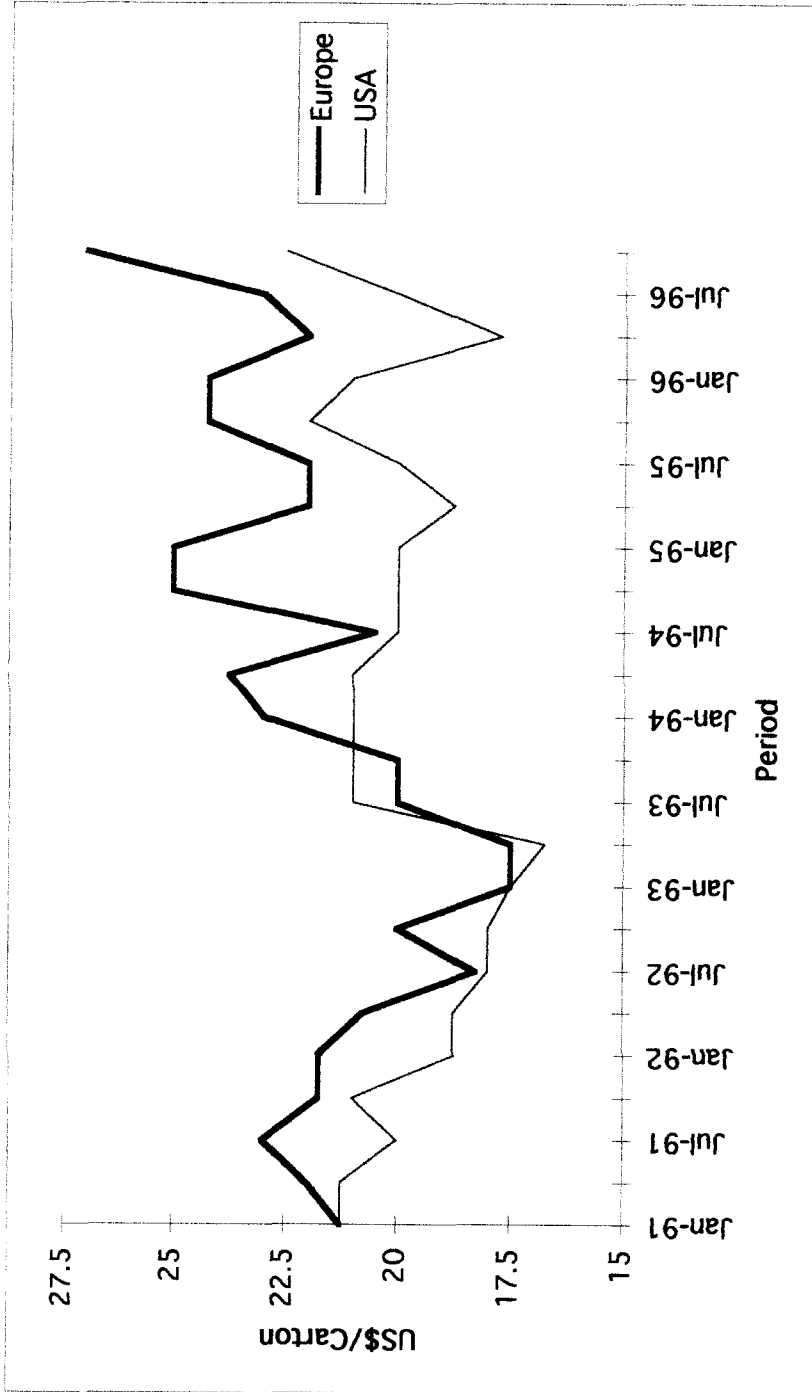
Since July 1993, canned tuna prices increased to reach a peak in early 1994 (Figure 7). They experienced a sudden decline in mid-1994, when demand was sluggish. However it increased again towards the end of the year. In 1995, canned tuna prices first declined, reflecting the low Skipjack price levels, but higher canned tuna prices have emerged in September 1995, as a result of the high frozen Skipjack prices. Despite the fall in early 1996, prices moved up in the later half of the year and in September 1996, canned tuna prices in Europe came close to the US\$ 30/carton mark, a price level which has never been reached in recent years. A decline in demand will influence the world market in the coming months.

#### 2.3.4 FUTURE PRICES

FAO (Food and Agriculture Organisation of the United Nations) has a Fisheries Department which covers all aspects of international trade in fishery products. They produce on a quarterly basis a publication called Globefish Highlights which provides information and makes forecasts.

In their issue dated 15/12/1996 they forecast higher prices in the long run. All evidence point to a decline in tuna stocks and catches in the coming years.

**Figure 7**  
**C&F Prices Canned Tuna: USA, Europe**



Source : INFOFISH Trade News, GLOBEFISH AN 11101, 11102



Only the Western Pacific still seems to offer room for increased fishing, while the Eastern Pacific and the Atlantic are fully fished. The Indian Ocean could sustain a certain increase, but this could damage the juvenile stock, and in the long run create problems for the tuna resource in this ocean. However, economic factors are influencing the development of the international tuna industry. The tuna fleet is generally quite old. With an average age exceeding 10 years, it is un-economical to replace the fleet, in view of the relatively low tuna price. The only interesting recent development is the entry of the Chinese fishing fleet in the tuna business. Their presence might influence the tuna trade in the coming years. Apart from this, the forecast is for stable or even declining tuna catches in the coming years, resulting in an increase in raw material prices for the world's tuna canning industry.

In view of the reduction in catches, it is likely that frozen tuna prices will go up strongly in the coming years, going back to the level they had some 10 years ago. In fact it has to be noted, that the price of frozen tuna during the past decade has declined on average from US\$1,200/mt to US\$800/mt. The increase on raw material prices will certainly lead to higher prices of canned tuna.