SURIMI MARKET UPDATE
Madrid, September 2019
SURIMI MARKET UPDATE

What do we read in the press in 2019?
Some Bad News

Alaska pollock prices climb further on strong demand
Growing global demand for surimi and fillet blocks continues to tighten market, and US suppliers are increasingly getting their way in negotiations.

FREE
Japan's imports of Alaska pollock are costing more
Prices of imported minced Alaska pollock have been soaring in Japan due to increased demand for surimi in Europe, the United States and China as well as rising logistics and personnel costs, according to Finance Ministry trade data, reports Japan Today. Trident VP envisions pollock 'outside of the seafood case' The import price has been on the rise since around the spring of 2017 and stood at JPY 401 (€3.41/$3.79) per kilogram in June this year.

Drop in Asian tropical surimi production weighing on global growth
Consumers in the EU will have to fork out more for their pollock 'Criscimarioko' in the future. Photo Frost

EU market braces for rise in US, Russian pollock prices
Prices are seeing a 'quick and very sudden' increase after the low levels of recent years.

Only way is up for pollock prices in 2019
Fish enter Pacific Seafoods's surimi plant, acquired from Trident Seafoods.
US growth revised lower to 2% in second quarter
US manufacturing sector contracts for first time in 3 years

European manufacturing stutters as global slowdown fears mount

US-China trade war may drive economy to brink of recession

Supply, tariffs cast doubt over Chinese surimi producer's future
A tariff hike to 25 percent in the US market could render many producers' exports untenable.
And some good news!

Viciunai sees 5% European surimi market growth in 2019

**Surimi** seafood giant Viciunai says it expects to see 5 percent growth across European **surimi** markets this year, except in France where the market is blighted by negative consumer perceptions. “Consumption in **surimi** in general is growing also in Asian markets, European markets. Demand is higher, therefore...Germany, Spain, Italy, Belgium and Holland should all see higher sales, as well as central Europe where the company is now selling a chilled **surimi** shrimp

PROCESSOR

Seafood snacks, surimi approved for US school lunch program

Rabobank: Asian swine fever could be a win for seafood

Malaysian surimi, fishmeal producer posts earnings surge

higher contribution from fishmeal and **surimi**-based products.

FINANCE
WORLD SURIMI PRODUCTION
2018 : 820,000 MT

Alaska Pollock
207,000 MT
USA

Pacific Whiting
30,000 MT
USA

North Blue Whiting
2,500 MT
France

China Silver Carp
45,000 MT

Japan Pollock
30,000 MT

Southern Blue Whiting & Hoki
6,000 MT
Argentina/Chile

Tropical Fish
(Imyori, etc)
480,000 MT
Thailand, Vietnam, India, China, Indonesia, Malaysia, Pakistan, Myanmar ...
WORLD SURIMI PRODUCTION

820,000-850,000 MT : stable

Alaska Pollock Surimi: 240,000-250,000 MT (stable)
Alaska (USA): 205,000-210,000 MT - Hokkaido (Japan): 30,000-35,000 MT

Other Cold Water Surimi: 40,000 MT (stable)
  Pacific Whiting (USA): 30,000-35,000 MT,
  Southern Blue Whiting and Hoki (Argentina, Chile): 5,000-6,000 MT
  Northern Blue Whiting (France): 3,000-3,500 MT

Tropical fish Surimi: 450,000-500,000 MT (increasing?)
  Species: Itoyori, Eso, Flying Fish, Sea Bream, Ribbon Fish, ... Mix Fish
  Origin: Vietnam, China, India, Thailand, Indonesia, Malaysia, Pakistan ...

Fresh Water Fish: 50,000 MT (stable or decreasing?)
  Silver Carp (China): 40,000-50,000 MT,
  Pangas (Vietnam): 1,000-2,000 MT

Other: 10,000 MT (increasing)
  Sardine, Mackerel, etc
WORLD SURIMI PRODUCTION
2019 : 830,000 MT ? (Stable)

- Alaska Pollock
  205,000 MT
  USA

- Paciﬁc Whiting
  40,000 MT?
  USA

- North Blue Whiting
  3,500 MT
  France

- China Silver Carp
  50,000 MT

- Japan Pollock
  35,000 MT

- Southern Blue Whiting & Hoki
  8,000 MT
  Argentina/Chile

- Tropical Fish (Itoyori, etc)
  500,000 MT?
  Thailand, Vietnam, India, China, Indonesia, Malaysia, Pakistan, Myanmar...
Since 2013, global surimi production is stable around 820,000 MT supply & demand are balanced.

### Global Surimi Production 2005-2019 (MT)

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Pollock Surimi Production:
Alaska + Japan -> 235,000 MT

Pollock Surimi Production 2005-2019 (MT)

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Alaska Pollock Surimi Production Trend for 2019

The Quota of Alaska Pollock is at its highest level (1.55 million MT); despite 1% increase in quota, pollock surimi production may be slightly decrease down to 200,000 MT in 2019 due to high demand and production of fillets and PBO Blocks.

Pollock Stocks remain healthy in Alaska, even though the biomass in the Bering Sea has decreased possibly due to increased water temperatures and migration of the fish to colder waters further north to the Russian border. This migration of the fish is adding extra distance to the shore plants that may affect the quality of the fish delivered to the factories. B Season started June 10th and fishing was slow until mid July. Since then the boats are fishing far north. The fish size is about 700-800g as same as 19A, good quality meat for surimi and plenty of juveniles which should provide a stable resource for the coming years.
Pollock Surimi Production in Japan

Japan pollock surimi production hit its lowest historical level in 2017-2018 (32,000 MT). Fish landings and surimi processing have been reported to be recovering in 2019 but the increase is marginal for the surimi supply to Japan.

Pollock Surimi Production in Russia

On the Russian side, the quota like in the US is at its highest (1.78 million MT) but the catch was less than 1.7 million MT in 2018 and may be even lower in 2019. For the next years, the Russian quota should decrease.
Russia has not produced surimi since 2013. But the Russian fishing companies are investing heavily into new factory trawlers and shore plants for surimi processing.

Russia should become again a surimi processor by 2022-2024.

The increase of pollock surimi production by the Russian processors could certainly affect the pollock surimi price and impact on the market in the coming years.
Other cold water white fish surimi

Pacific Whiting (Oregon & Washington, USA)
Northern Blue Whiting (EU)
Southern Blue Whiting & Hoki (Argentina, Chile)

OTHER COLD WATER WHITE FISH SURIMI 2005-2019 (MT)

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Other cold water white fish surimi

1. Pacific Whiting (Oregon & Washington, USA)
The resource is healthy and with carry-over from 2018, the TAC for 2018 was nearly 600,000 MT (70% for the USA, 30% for Canada).
Surimi production has been increasing in the recent years from its low of 20,000 MT in 2016 to 40,000 MT in 2019.
Fishing has limitations due to by-catch of rockfish and salmon, but the main limitations are the processing capacity of the shoreplant and motherships involved in this fishery as well as the market demand for this surimi due to its high protease activity.

2. Northern Blue Whiting (EU)
The french vessel JR2 had only 2,000 MT production in 2018 due to mechanical problems in A Season and no catch in B Season, but this year production will increase to 3,500 MT and maybe 4,000 MT depending on B Season. The new factory Vardin on the Faroe Island was rebuilt after the fire that destroyed the premices two years ago and includes a surimi line that may operate in 2020.

3. Southern Blue Whiting & Hoki (Argentina, Chile)
Since there was no exports from Chile for the past couple of years, it looks like F/T Tai An is the last surimi vessel in operation in South-America. Its production has increased over the past years to reach around 6,000 MT of hoki and SBW surimi.
“At 1,200 metric tons per day, the plant now has a larger capacity than it did. It also boasts 16 filleting lines and nine packaging lines, and can get fish from the landing vessels to the freezer in 15 minutes, he said. There is also 13,000 tons of frozen storage capacity. However, what will really set the new plant apart from the old one are plans for surimi and fishmeal units within the new site. The capacity to process surimi had been planned for the old plant, before the fire, and is now back on the cards” (Jacobsen, Interview Intrafish 2019)
Japanese processing company Nichimo is selling its majority stake in Argentinean hoki fishing and surimi processing company San Arawa to Norwegian group Pescamar Holding, the company announced. The Japanese group acquired an 80 percent stake in San Arawa in 2013 to ensure a stable supply of surimi. Sharp inflation and the continuing decline of the Argentine peso, paired with debt, led the company to the decision to transfer the assets to Pescamar."

Pescamar Holding is a Norwegian group owned and chaired by Dag Fasmer Wittusen, former CEO of Norwegian Aker ASA, and special advisor to the group. San Arawa has annual sales of JPY 1.4 billion (€11.2 million/$12.7 million), operating profit of JPY 250 million (€2 million/$2.3 million), and net assets worth JPY 588 million (€4.7 million/$5.3 million). (Date of the Sale: March 28, 2019)
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Tropical Fish Surimi

TROPICAL FISH SURIMI PRODUCTION
Stable around 550,000 MT
(500,000 MT from sea fish surimi, 50,000 MT of silver carp surimi in China)

Tropical Fish Surimi has been the main variable of adjustment for the surimi market: when surimi prices increase, the processing factories in S.E. Asia increasing demand results in higher fish prices which then results in more intensive fishing and higher catches, until production surpasses the demand, inventories build-up and prices decrease. Then the fishing effort and fish landings decrease.

MAIN PROCESSING COUNTRIES (Trend 2018 >>> 2019):

- THAILAND : 55,000 MT >>> increase to 60,000 MT)
- CHINA : 160,000 MT >>> Decreasing?
- VIETNAM : 170,000 MT >>> Stable
- INDIA : 105,000 MT >>> decrease to 95,000 MT
- INDONESIA : 30,000 MT >>> increase 35,000 MT
- MALAYSIA : 20,000 MT >>> decrease?
- PAKISTAN : 10,000 MT >>> decrease?
- MYANMAR : 2,000 MT , etc
Pressed on one side by the European Union to take appropriate measures to fight IUU and on the other by the US about slavery on the fishing boats, Thailand was forced to take drastic measures that resulted in the reduction by half of the number of fishing vessels in activity. Besides a strict registration of the fish landings, the new regulations include restrictions on fishing seasons, compulsory licensing for the vessels, localization by GPS, etc.

--> from 2014 to 2018, Thailand surimi production decreased from 75,000 MT to 55,000 MT. Finally in 2019, the EU lifted the yellow card while fish landings slightly improved resulting in increased production to 60,000 MT.
In the past years, India production increased to reach **100,000 MT in 2017-2018**.

But it seems that India has reached the maximum use of its resource: production is down in 2019 due to poor fish landings in the beginning of the year and a strike from the fish meal plants that paralyzed the industry at the opening of the new season in August.
MAIN TRENDS OF INDIA SURIMI PRODUCTION

- Surimi production has increased from 60,000 MT to over 100,000 MT from 2015 to 2018.

- One particularity of India is that the fish brokers usually control a cutting shed and supply cut fish to the surimi factories.

- Fish size is decreasing: production of itoyori high grade surimi is decreasing while medium grade and low grade surimi are increasing in volume.

- The coastal area is considered to be overfished and fish landings should not increase significantly in the near future. On top of this, the demand from local market for table fish is increasing and the wet markets compete with the surimi factories for the supply raw material.

- New factories: 4 new factories in Mangalore in 2018 (total capacity: 500 MT/day)

- 2019 production down (90,000 MT?) due to:
  - weather condition (floods), erratic landings
  - fish meal factories strike at the opening of new season in August 2019

- Surimi production in the coming years should keep increasing in India due to the production capacity and the efforts from the Government to support the fish industry
INDIA SURIMI PRODUCTION

With 4 new surimi factories of total capacity over 500 MT/day opening in Mangalore in 2019, the competition to buy raw material is going to be harsh in the coming years.

The Indian Government considers the fishery as an essential resource to feed the fast growing population. It plans to double its inland fisheries production from 3 to 6 million MT in the next few years. This could bring new resources of fresh water fish to a surimi industry facing shortage of marine fish supply.

Central Government to invest Rs 25,000 crore in 5 years to revamp fishery infrastructure

V Sajeev Kumar | Kochi | Updated on September 03, 2019 | Published on September 03, 2019
After 10 years of continuous growth VIETNAM Surimi Production reached a peak in 2016 with a record production of about 175,000 MT of SURIMI.

After decreasing by 10,000 MT in 2017, the production slightly increased in 2018 and should remain stable at 170,000 MT in 2019.

The main markets for vietnam surimi are Korea, Thailand and other S.E. Asia, China, Japan, and East Europe.
After 3 years of slightly declining production, the comparison of monthly exports from January to July 2019 with previous years show some growth in export volume. But this trend had reversed since July as many fishing boats remain tied up in the Southern Fishing ports. As a result, 2019 surimi production in Vietnam should be around 170,000 MT, similar to 2018.
As a result of the IUU Regulations, many fishing boats did not go out fishing since this summer and stay tied up in ports. The result is of course a decrease of fish landings that also reflects on the surimi production.

The situation is better in the center and in the North where landings of flying fish and scad remain quite good for the season.

**VIETNAM SURIMI**

**VIETNAM SURIMI PRODUCTION**

**CENTER & NORTH VIETNAM**

Flying Fish
Scad/Mackerel
Sardine
Sea Bream

The resource is abundant and surimi production is not affected by IUU

**SOUTH VIETNAM**

Typical Surimi Fish: Itoyori, Eso, Kintokidai, etc

The effects of Yellow Card are visible:
- Many vessels stay in ports
- Fish Landings decrease significantly

**Surimi Production & Exports from Vietnam (January to July 2016 to 2020 - in MT)**

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Considering that Vietnam was not taking sufficient measures to tackle illegal fishing, the EU issued a yellow card to Vietnam in October 2017.

Since then many measures have been taken to improve the fisheries governance, including the issuance of the 2017 Fisheries Law and other related guiding documents for prevention of illegal fishing. However, the improvement on tackling IUU fishing has remained modest, proven by rampant violations on fishing in other countries’ territories. Reports from the Directorate of Fisheries in 2018 showed that 137 vessels illegally fishing in foreign water were found, an increase of 46 vessels compared to the previous year, mainly focused on the waters of Thailand, Malaysia, the Philippines, Cambodia, Indonesia and Brunei.

The effects of the Yellow Card start to be visible particularly in the ports of Tac Cau (Rach Gia), Camau and Vung Tau.

(http://vietnamnews.vn/society/519066/drastic-measures-needed-to-lift-yellow-card.)
After 20 years of continuous growth, surimi production in China decreased from its peak around 240,000 MT in 2012 down to 150,000 MT in 2018.
Since 2017, ribbon fish surimi dropped by 40% in Zeijiang (from 70,000 to 40,000 MT).

In Guanxi and Guangdong production of Mix Fish also decreased by 20 to 30% down to 60,000-70,000 MT.

Sea Bream surimi production also decreased in Fujian and the southern provinces.

After a rapid growth to respond to the demand of the Chinese surimi seafood processors in need for white surimi, silver carp production in Hubei Province reached a peak of 50,000 MT in 2016. The production declined down to 40,000 MT by 2018 since two factories went bankrupt as a result of low market prices and insufficient supply of raw material. The decrease of raw material is primarily due to the new regulations to protect natural water resources that have banned aquaculture from the natural water reservoirs.

On the other hand, the leading surimi seafood processors invested in 2018 into new surimi factories of large capacity in Jiangxu province and silver carp surimi production should rebound in 2019.
If the surimi production from dark meat ands mix fish remains in high volume, the depletion of the fish stocks in the South China Sea has resulted in a severe decrease of landings of the white fish that can be used for surimi production.

As a result, China is suffering since 2018 from an obvious shortage of medium and high grade white surimi. But since 2017, landings of ribbon fish also decreased as well as sea bream and silver carp and even mix fish. Strict enforcement of the fishing ban is resulting in larger size fish that goes to market leaving the surimi factories with little supply of raw material while the new laws on natural water reservoirs limit the production of silver carp. This situation reopened the Chinese market for exports from the neighboring countries and practically any potential source of white surimi with medium and good gel strength.

It is now generally accepted as a fact that Chinese surimi processors need to secure sources of supply for raw material outside China.
The factories, in total 14 or 15 by 2019, are located primarily in Java (11 factories).

Indonesia has the largest fish resource in S.E. Asia and a large portion of the resource is not exploited (Since Indonesia banned fishing to the large freezer vessels from Thailand that used to operate in the eastern seas of Indonesia, this very large resource remains untapped).

The country has a large domestic market with a population of 250 million and a fast growing domestic market for surimi finished products. For these reasons, Indonesia has the highest potential to grow its surimi production in SE Asia.

But the uncertainty regarding the government policy on fishing regulations has frozen investment in the surimi industry and most factories are old and based on outdated technology.
Surimi Production in Malaysia is around 20,000 MT and stable with 7 factories. QL, the main producer of surimi and surimi products, is also present in Indonesia. As a result of the market growth for surimi seafood, Malaysia exports are decreasing while import increase year after year following the same trend as Thailand.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
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<tr>
<td>IMPORT</td>
<td>14,633</td>
<td>13,701</td>
<td>13,790</td>
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<tr>
<td>EXPORT</td>
<td>11,111</td>
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</tr>
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</table>

Credit: Pascal Guenneugues' presentation at 2018 Surimi Forum in Bangkok, Thailand
Pakistan
Surimi Industry

Surimi production started in Pakistan around 10 years ago with Korean Investment. The three factories (Kaneshiro, Sea Arabian and Noori Seafood, are located in Karachi or near Karachi.

The quality of the fish (size and freshness) and competitive pricing during the itoyori season (February to May) has attracted a number of investors looking for a good quality fish resource to process high quality itoyori surimi. Since the companies involved in the surimi industry had financial or operational difficulties, a number of operations have been done and/or are in progress so the surimi industry in Pakistan is definitely in the process of restructuring:

- In 2017, Thai Union took a participation in Noori Seafood to secure the supply of surimi for Lucky Union Foods. The company was renamed PK International.
- In 2018, Qadri Noori installed a second-hand line from Thailand and opened its factory next door to PK International. This factory was upgraded and operated by Future Seafood for one year then leased in 2019 to Fenghua, a Chinese surimi seafood processor.
- Kaneshiro who was operating 2 factories closed for financial problem and reopened a few months later with the support of a local fish processing company.
- Several investors are considering to invest in the existing plants or start new operations in 2019-2020 and the production of surimi in Pakistan should increase in the coming years.

The surimi production in Pakistan was around 8,000 MT in 2018. The production volume should be similar in 2019 and should increase in the next years.
Myanmar Surimi Industry

Myanmar has been processing surimi in 3 factories for a number of years but the production remains limited to 2,000 to 3,000 MT:

- ASK Andaman (2005) in Myek

Despite the large fish resource of Myanmar, the raw material supply seems to have been a recurrent problem for the surimi factories. The reason may be due to the legal and illegal trade of fish with neighbor country Thailand which does not have enough resource to feed the demand of their market and pays higher prices than local market in Myanmar. Myanmar supply is considered to represent 25 to 30% of the supply to Mahachai fish market.

Fish resources of other countries in South East Asia?

Other countries like Bangladesh, Sri Lanka, The Philippines, also have fish resource with the the potential to develop a surimi industry in the coming years.
The Impact of overfishing and IUU Regulations on the surimi industry in S.E. ASIA

Impact on the short term:
- Drastic reduction of labor employment in the fishing industry
- Economic impact on the fishing and fish processing industry

On the long term:
- Sustainable fisheries
- Open access to markets
- Long term investment
- Concentration in the industry

Vietnamese exports face limited growth

11 percent drop in exports to the European Union following yellow card restrictions for illegal fishing, according to VASEP.

MARKETPLACE
09 Jul 07:30 GMT

US downgrades Vietnam in latest labor-abuse report
“Fisheries is very important in Southeast Asia. It provides inexpensive sources of protein, increases job opportunities, revenue for foreign exchanges, sustained economic activity and maintains the environment quality. The region produces over 8.0 million metric tons live weight of marine fish, about 10 percent of world total catch. In addition, more and more coastal areas are converted for aquaculture of shrimps and fish, a booming industry of economic importance in the region.

However, currently the Southeast Asian countries facing serious problem in maintaining the integrity of the resource base sustained economic activity. Population pressure associated with economic activities in the last decades have caused large-scale destruction of the region’s valuable resources and the degradation of the environment.
MANAGEMENT OF THE FISHERIES IN SE ASIA

At the fishing end: Regarding reducing the total catch of trash fish as a key point in enhancing the management of fishing resources.

- Record the amount of trash fish caught and include these statistics as part of the basic fisheries statistics.
- Research on the feasibility of adopting quota system in the fishery targeting trash fish should be conducted, based on the principle of precaution and the ecosystem-based management.
- With the aim of protecting under-size commercial food fish, the set-up and implementation of regulations in terms of minimum mesh size and catchable size of the important commercial species should be enhanced.
- Safeguard important commercial fish species, by having more Marine Protected Areas (MPAs) as their breeding grounds to improve survival rates, as well as more permanent MPAs at their baiting and winter migration fields.

In addition, there is an urgent need for an improved fisheries management system:

- Eliminate loopholes that enable overfishing through unified regional management measures.
- In a new institutional arrangement for the fishing moratorium, combating illegal fishing with trash fish fishery as a breaking point, normalizing the surprise inspections into regular administration.
- Enhance enforcement ability of fishery inspection units, leverage advanced technology, i.e. electronic logging system, GPS positioning, video recording etc., to conduct stricter monitoring on fishing activity.
- Increase traceability throughout whole industry chain from production to distribution, increase information disclosure.
EU acts on illegal fishing: Yellow card issued to Thailand while South Korea & Philippines are cleared

(22/04/2015) The European Commission has put Thailand on formal notice for not taking sufficient measures in the international fight against illegal fishing (IUU). On the contrary, the European Commission acknowledged that two fishing nations, Korea and the Philippines, have carried out appropriate reforms of their legal systems and are now equipped to tackle illegal fishing.

2018

Thailand – European Commission removes “yellow card” to recognise return to sustainable fishing

2019

Problems remain to be solved
In the years 2000’s, Indonesia banned access to its waters to the Thai fishing boats and freezer vessels operating in the Arafura Sea surrounding Papua New Guinea and prohibited trans-shipment of the fish at sea. This resulted in 30% decrease of the fish supply to the Thai Surimi Industry.

But illegal fishing by foreign fishing boats remained rampant on the eastern side of Indonesia, particularly for the Vietnamese fishing vessels operating from the southern ports of Vietnam … until the Indonesian Navy starting cracking down and blast the vessels caught illegally fishing or carrying fish.

"The ban on foreign vessels or foreign actors in capture fisheries that was implemented by Minister Susi has proven to be effective in increasing our fish stocks," said Dr. Achmad Santosa, Illegal, Unreported and Unregulated (IUU) Fishing Task Force Coordinator (Satgas 115). "Not only have our fish stocks increased, but the access for our fishermen and national fishing industry has grown, while incursions by foreign vessels have been reduced:"

But Indonesia still has to pass a law on sustainability fishing by the domestic vessels that can be applied, the latest laws having been postponed for 3 or 4 years already after demonstrations by the fishermen in the streets of Jakarta.
The problem of sovereignty over the fishing grounds in S.E. Asia

Graph 1 Development of China’s domestic fishery (1986-2015)
Warming of the Oceans

Alaska Pollock resource moving up North ... may affect the US Quota and freshness of the fish delivered to the shore plants.

Warming oceans have already harmed the world’s fish supply

New Marine Heatwave Emerges, Resembles "the Blob"

A mass of warm water, stretching from Alaska to California currently ranks as the second-largest heatwave of the last 40 years, sitting only behind “the Blob.”

Five years ago, “the Blob” devastated sea life along the coast and impacted salmon runs. This heatwave has grown in a similar way, it sits in the same area and is nearly the same size. There is a reason to believe another blob is on the way.

The fish resources, species and locations, are changing

Change of marine fishing structure in East China Sea

1.
As a result of the growing popularity of the surimi products, the surimi production can be expected to expand in the coming years in South-East Asia. Considering that the resource is already exploited – if not over-exploited - in most of the processing countries where will the supply come from in the coming years? I can see three obvious directions:

1. **Geographical diversification to new countries in South-East Asia and the Indian Ocean**

![Map of possible areas for expansion of the surimi industry in South-East Asia and the Indian Ocean](image)

2. **Resource diversification to new species: pelagic fish**
   The pelagic resource like sardine and sardinella, scad, horse mackerel is still under-utilized and offers a great potential with new developments of the surimi technology

3. **Diversification with the use of the aquaculture resource (fish or its by-products)**
   With a production of 50,000 MT of surimi from Silver Carp, China has demonstrated the economical feasibility of processing surimi from aquaculture fish. This resource is with no doubt a source of raw material that will be used in large quantity in the near future.
SURIMI SEAFOOD
MARKETS

USA, E.U. and Russia
- crabstick -> Salads, Snack, Sushi
- Mature markets
- Stable around 120,000 T

Japan, Korea:
- Many surimi seafood:
  - Fried fish cakes, Kamaboko, crabsticks
  - -> Hot pot, Snack food, Sushi
- Mature markets, stable

South-East Asia:
- fish balls, fish cakes, dried snacks
- New Markets, quickly growing

China:
- fish balls, fish cakes
  - -> Hot pot & Barbecue
- Potential to grow
Japan Surimi usage seems to be stable in the period January-May 2019 compared to 2018.

The increased inventory is simply due to increase imports in the first half of 2019.
Surimi imports to Korea increased from 120,000 MT in 2015-2016 to 130,000 MT in 2017 and 140,000 MT in 2018, supporting the development of high quality fish cakes in the market and probably also as a reaction to increasing prices and a fear of shortage after the collapse of the ribbon fish fishery in China.

As a result, inventories built up and the importers were forced to decrease their purchase volume in 2019 to adjust to the needs of the market.
China surimi seafood production has grown at a rhythm and to a level that goes beyond imagination; in less than 2 decades, China surimi seafood market grew over 1.5 million MT.
The traditional and leading surimi product in China is the fish ball, consumed primarily with noodle in soup and in hot pot. As such the high consumption season is in winter. But the range of products have diversified as well as the mode of consumption: barbecued surimi fish cakes and fish balls have become popular and cold snacks are slowly making their way in the market.

One particularity of the Chinese products and consumers, is the ability to combine Fish with Meat and other ingredients depending on. Their availability and cost; for this reason, surimi in the Chinese concept is a functional nutrient that is used with other protein to give a shape, a texture, a taste but not necessarily a seafood.
South-East Asia is a growing market of 250,000 MT of finished products absorbing 100,000 MT of raw material.

Thailand is the largest processor of surimi products in S.E Asia and is also the largest market. The total production is over 130,000 MT of finished products out which a half is consumed in domestic market and the other half is exported overseas. If the growth of domestic consumption tends to slow down, exports keep growing in double digits.

Other markets in South-East Asia include Singapore (50,000 MT), Taiwan (50,000 MT), Indonesia (20,000 MT), Myanmar (18,000 MT), Malaysia (15,000 MT), Philippines, Vietnam, etc representing over 150,000 MT of finished products.
The import volume of surimi to EU declined in 2017 mainly due to inventory adjustment but it recovered in 2018 and keeps growing in 2019.

Alaska pollock and Pacific whiting covered 80% of the needs in 2018, in equal quantities, as a result of the pressure of the retail distribution for sourcing raw material from sustainable fisheries.

But the imports of Tropical fish surimi (from Vietnam, India and Thailand) which had dropped down to 3,000 MT by 2018 and recovered in 2019 to reach similar levels in 2016.
Russia and East Europe

**Surimi imports of Russia, Belarus and Ukraine**
2010-2017 (MT)

* East Europe imports 25,000 MT/year surimi (Russia 19,000 MT, Belarus 4,000 MT, Ukraine 2,000 MT).

Russia and Ukraine suffered in 2015 from the economic slow-down that followed the war in Ukraine and the ban between EU/USA and Russia that followed combined with low prices of oil in the global market but surimi imports recovered in 2016 to similar levels as 2014.

As a result of the ban, Alaska pollock surimi imports to Russia dropped by 90% and are now limited to 1,000 MT of product smuggled through China or imported from Japan. The main supply is now tropical surimi from Vietnam and India while South America SBW has substituted a large portion of the high grade pollock surimi used for the high quality crabsticks.

Ukraine market that collapsed by 50% in 2015 has also recovered: the market increased by 50% between 2015 and 2016 and keeps growing. The main import is Vietnamese low grade surimi that is combined to Pacific whiting or flying fish surimi.
THE US MARKET

The US market, growing approximately 2% per year, is estimated around 120,000 MT of finished products and consumes 45,000 MT of raw material annually.

Alaskan pollock and Pacific Whiting surimi cover nearly 100% of the US domestic production. The US Market is together with EU the main user of Pacific whiting surimi.

Six US processors of finished products cover the domestic market and export to Mexico and South America.
CURRENT SITUATION OF THE SURIMI MARKETS

After some tension in the market by the end of last year as a result of low inventories and a short supply of surimi in the high season, the market calmed down and took a pause in the summer when consumption is at the lowest.

As a result, the tension released and prices softened in the summer for tropical fish surimi.

Alaska Pollock prices did not increase between A and B Season ... for the first time in the past 3 years while the pollock processors still increased the prices of PBO blocks by 150 USD/MT to reach 3,500 to 3,600 USD/MT.

In the current situation, surimi supply is sufficient to feed the needs of the market but the recent crack-down of the Indonesian authorities on illegal fishing by foreign vessels is affecting the surimi production in South Vietnam and a strike of the fish meal factories has postponed the new season for 2 to 3 weeks since the middle of August.

This will have a negative impact that may shift the balance again towards a short supply of raw material during the high season in the last quarter of 2019.
THANK YOU