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MARKET ACCESS SECRETARIAT
Global Analysis Report

Sector Trend Analysis
Shrimp Trends
In the United Kingdom

June 2017

Executive summary

The Market Assessment of Opportunities and Challenges in the EU report has identified the shrimp and prawn sector in the United Kingdom as one of the most promising market opportunities in the European Union for Canadian exporters through a rigorous analysis of the market size, growth, and the EU tariff reductions.

The United Kingdom (UK) was the world's fifth largest shrimp and prawn market, with a total import value of US$874.7 million in 2016. Shrimp and prawns was the top import category of crustacean products imported into the UK from Canada, with its market share accounting for 79.7% in 2016.

Chilled processed seafood products continued to lead sales in the UK, as consumers perceive the chilled seafood to be fresher and healthier than frozen seafood, and are willing to pay higher prices for better options.

Discount retailers such as Aldi and Lidl continued to gain retail market shares of shrimp and prawn products, while the main retailers, such as Tesco and Sainsbury's, were losing market shares.

UK consumers are unaware of the benefits of consuming seafood, such as reducing heart diseases. Some consumers don't purchase seafood very often because they have limited knowledge of the recipes, and some others are afraid that consuming seafood might lead to overfished oceans or coastal pollution.

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Canada

Trade overview

The United Kingdom (UK) was the world's fifth largest shrimp and prawn market, with a total import value of US$874.7 million in 2016. The UK imported a variety of shrimp and prawn products from the world with their top import being frozen shrimp and prawns.

The UK's Ease of Doing Business ranking in 2016 was one of the best in Western Europe, which was largely attributable to its well-developed infrastructure and regulatory environment. The UK's business environment could be more favourable for Canadian exporters once the Canada-EU Comprehensive Economic and Trade Agreement (CETA) [1] is implemented. Under CETA, 96% of EU tariff lines on Canadian fish and seafood products will be immediately eliminated. The remaining 4% of tariff lines will then be phased out over the next 3 to 7 years.

Top 10 shrimp and prawn markets in the world by import value: 2012-2016, US$ millions

Destination		2012	2013	2014	2015	2016	CAGR* 2012-2016
World		**16,720.0**	**19,027.6**	**22,183.9**	**18,714.0**	**19,197.2**	**3.5%**
1	United States	4,623.8	5,447.3	6,880.5	5,633.9	5,881.9	6.2%
2	Japan	2,972.4	2,947.6	2,751.9	2,272.5	2,378.8	-5.4%
3	Spain	979.6	1,092.9	1,247.5	1,156.8	1,188.3	4.9%
4	France	849.5	935.7	1,020.4	855.4	916.6	1.9%
5	**United Kingdom**	**798.1**	**843.7**	**975.4**	**908.0**	**874.7**	**2.3%**
6	China	307.5	440.7	555.1	754.8	777.1	26.1%
7	Netherlands	598.1	575.0	772.9	608.0	625.7	1.1%
8	Germany	579.3	597.6	726.5	608.2	622.9	1.8%
9	Italy	468.9	526.4	648.0	522.4	568.2	4.9%
10	Belgium	567.7	585.1	702.9	522.6	556.2	-0.5%

Shrimp and prawn products imported into UK from the world: 2012-2016, US$ millions

Category		2012	2013	2014	2015	2016	CAGR* 2012-2016
Total shrimp and prawns		**798.1**	**843.7**	**975.4**	**908.0**	**874.7**	**2.3%**
030617	Frozen shrimp and prawns	341.1	410.9	495.0	391.7	424.7	5.6%
160521	Prepared or preserved shrimp and prawns, not in airtight container	241.6	247.3	287.0	365.3	302.1	5.7%
160529	Prepared or preserved shrimp and prawns, in airtight container	172.9	153.9	153.3	120.3	116.4	-9.4%
030616	Frozen cold-water shrimp and prawns	28.8	15.9	25.4	24.3	18.3	-10.8%
030627	Fresh shrimp and prawns, except cold-water	8.0	11.5	9.3	5.9	11.5	9.5%
030626	Fresh cold-water shrimp and prawns	5.7	4.3	5.4	0.4	1.8	-25.6%

Note [1]: *For more information on CETA tariff elimination: http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/text-texte/02-A-A.aspx?lang=eng .*

Source for both: *Global Trade Tracker, 2017.* **CAGR - Compound annual growth rate.*

Canadian seafood exporters must comply with the UK and EU's fishery import regulations before entering the UK market. According to Food Safety Agency (FSA), the UK's fishery product import regulations lay down the following conditions for imports from non-EU countries:

- each consignment must come from an approved non-EU country and be accompanied by appropriate signed health certification.
- each consignment must come from EU-approved fishery product establishment or premises or approved bivalve mollusc production areas.
- each consignment must enter the EU through an officially designated Border Inspection Post (BIP) where veterinary/hygiene checks are carried out by an Official Fish Inspector. All consignments must be pre-notified to the BIP prior to arrival.

For more information related to the UK's fishery product import regulations, please refer to http://www.inspection.gc.ca/food/fish-and-seafood/exports/by-jurisdiction/european-union/certification-requirements/eng/1308322862954/1308323053859.

Canada's performance

The UK's shrimp and prawn consumption is highly dependent on imports. The total available shrimp and prawn products for domestic use accounted for 88.1% of the total imports of shrimp and prawns. The domestic demand for shrimp and prawn products increased in value but declined in volume in 2015 mainly due to the price hike in the market.

Domestic demand for shrimp and prawn product in the UK by value: 2011-2015, US millions [1]

	2011	2012	2013	2014	2015	CAGR* 2011-2015
Landings [2] by UK vessels into the UK	0.9	3.2	3.2	1.9	1.1	3.4%
Imports	710.4	679.6	725.0	801.3	801.2	3.1%
Total supplies[3]	**711.5**	**682.9**	**728.2**	**803.2**	**802.4**	**3.1%**
(Exports)	109.2	98.9	115.1	101.9	96.5	-3.0%
Total available for domestic use	**602.3**	**583.9**	**613.1**	**701.3**	**705.8**	**4.0%**

Note [1]: *Fixed exchange rate for 2016 – GBP per USD = 0.74.*
Note [2]: *Landings are given in terms of landed weight.*
Note [3]: *Total supplies may not be equal to the sum of landings and imports due to the rounding of numbers.*

Domestic demand for shrimp and prawn products in the UK by volume: 2011-2015, '000 tonnes

	2011	2012	2013	2014	2015	CAGR* 2011-2015
Landings [2] by UK vessels into the UK	0.4	1.0	0.9	0.6	0.3	-6.9%
Imports	90.4	85.5	85.1	82.3	77.4	-3.8%
Total supplies[3]	**90.8**	**86.7**	**86.0**	**82.9**	**77.7**	**-3.8%**
(Exports)	14.7	13.7	16.1	13.5	11.7	-5.5%
Total available for domestic use	**76.1**	**73.0**	**69.9**	**69.5**	**66.0**	**-3.5%**

Source for both: *H.M. Revenue and Customs and Fisheries Administration in the UK.* **CAGR - Compound annual growth rate.*
Note [2]: *Landings are given in terms of landed weight.*
Note [3]: *Total supplies may not be equal to the sum of landings and imports due to the rounding of numbers.*

The top three suppliers for the UK's shrimp and prawn imports are India, Vietnam and Canada. They represented a market share of 14.9%, 14.8% and 11.4% respectively in 2016. Canada was the UK's third largest shrimp and prawn supplier, with the UK's imports from Canada valued at US$99.5 million in 2016. The import value from Canada grew at a compound annual growth rate (CAGR) of 2.3% from 2012 to 2016, while the volume of imports from Canada declined at a rate of 1.4% over the same period. This indicates that the unit import price of Canadian shrimp and prawn products in the UK market has been increasing in the past five years.

Shrimp and prawn supply gap by import value: 2012-2016, US$ millions

	2012	2013	2014	2015	2016	CAGR* 2012-2016
UK's imports from the world	798.1	843.7	975.4	908.0	874.7	2.3%
UK's imports from Canada	90.9	94.6	145.9	178.5	99.5	2.3%
Supply gap	**707.3**	**749.1**	**829.5**	**729.5**	**775.2**	**2.3%**

Top 10 suppliers of shrimp and prawn products in the UK by import value: 2012-2016, US$ millions

Supplier		2012	2013	2014	2015	2016	CAGR* 2012-2016
World		**798.1**	**843.7**	**975.4**	**908.0**	**874.7**	**2.3%**
1	India	71.6	101.4	142.5	109.1	130.6	16.2%
2	Vietnam	47.3	65.5	98.3	115.0	129.1	28.6%
3	**Canada**	**90.9**	**94.6**	**145.9**	**178.5**	**99.5**	**2.3%**
4	Bangladesh	73.6	82.0	93.6	85.1	85.1	3.7%
5	Denmark	60.3	65.1	69.5	59.8	75.0	5.6%
6	Thailand	206.4	173.1	121.2	59.1	66.1	-24.8%
7	Indonesia	29.5	44.5	52.2	55.6	54.2	16.4%
8	Honduras	21.3	27.8	34.9	41.5	39.2	16.5%
9	Iceland	58.2	40.8	45.6	36.3	36.2	-11.2%
10	Ecuador	20.4	21.6	29.2	18.2	23.0	3.0%

Top 10 suppliers of shrimp and prawn products in the UK by import volume: 2012-2016, '000 tonnes

Supplier		2012	2013	2014	2015	2016	CAGR* 2012-2016
World		**85.8**	**85.1**	**82.3**	**77.3**	**82.9**	**-0.9%**
1	India	8.6	10.4	12.6	11.5	14.1	13.1%
2	Vietnam	5.8	7.3	8.6	10.0	11.9	19.6%
3	**Canada**	**10.2**	**11.3**	**13.2**	**13.6**	**9.6**	**-1.4%**
4	Denmark	7.3	8.0	7.4	6.4	8.1	2.7%
5	Thailand	20.7	15.2	7.8	4.3	5.7	-27.7%
6	Bangladesh	6.3	7.3	6.9	5.2	5.4	-3.7%
7	Indonesia	3.1	3.9	4.1	4.8	5.0	12.3%

Source for all: *Global Trade Tracker, 2017.* *****CAGR** - Compound annual growth rate.*

Top 10 suppliers of shrimp and prawn products in the UK by import volume: 2012-2016, '000 tonnes

Supplier		2012	2013	2014	2015	2016	CAGR* 2012-2016
World		**85.8**	**85.1**	**82.3**	**77.3**	**82.9**	**-0.9%**
8	Iceland	6.1	4.4	4.3	2.7	3.5	-13.1%
9	Honduras	2.1	2.5	2.8	3.4	3.4	12.4%
10	Ecuador	2.5	2.1	2.6	2.0	2.6	0.6%

The shrimp and prawn category remained the UK's top import category of crustacean products from Canada in 2016, with its market share accounting for 79.7%. The category witnessed a slight contraction in the past year but experienced a CAGR of 2.3% from 2012 to 2016, indicating a strong demand for shrimp and prawns in the UK.

Crustacean products imported into the UK from the world: 2012-2016, US$ millions

Category	2012	2013	2014	2015	2016	CAGR* 2012-2016	Market Share 2016
Total	**879.4**	**945.1**	**1,123.6**	**1,043.0**	**997.7**	**3.2%**	**100.0%**
Shrimp and prawns	798.1	843.7	975.4	908.0	874.7	2.3%	87.7%
Lobster	41.9	48.6	69.3	73.3	64.3	11.3%	6.4%
Crabs	24.2	27.1	38.2	28.1	26.9	2.7%	2.7%
Other crustaceans	15.1	25.8	40.8	33.5	31.7	20.4%	3.2%

Crustacean products imported into the UK from Canada: 2012-2016, US$ millions

Category	2012	2013	2014	2015	2016	CAGR* 2012-2016	Market Share 2016
Total	**99.4**	**105.5**	**162.8**	**205.2**	**124.9**	**5.9%**	**100.0%**
Shrimp and prawns	90.9	94.6	145.9	178.5	99.5	2.3%	79.7%
Lobster	8.4	10.7	16.4	26.4	25.1	31.7%	20.1%
Crabs	0.2	0.3	0.5	0.3	0.2	5.7%	0.2%
Other crustaceans	0.0	0.0	0.0	0.004	0.0	N/C*	0.0%

***Source for both:** Global Trade Tracker, 2017.* ***N/C** - Non calculable.* ****CAGR** - Compound annual growth rate.*

Prepared or preserved shrimp and prawns (not in airtight containers) was the top shrimp product that the UK imported from Canada, with its market share amounting to 97.2% in 2016. A moderate growth also occurred within this market over the 2012 to 2016 period with a CAGR of 7.9%. However, a sharp decline in import value fell in the prepared or preserved shrimp and prawns (in airtight containers) market with a CAGR of -43.7% over the same period.

Canada was the top frozen cold-water shrimp supplier in the world holding a market share of 25% in 2016. However, Canada only ranked as the sixth largest frozen cold-water shrimp supplier to the UK, with a 2% market share in the past year. Although the top five suppliers continued to be EU member countries, which were Denmark, Spain, the Netherlands, France and Germany, more market opportunities lie in this market as shrimp and prawn products have been identified as promising sectors for Canadian exporters based on the Market Assessment of Opportunities and Challenges in the EU report.

Shrimp and prawns products imported into the UK from Canada: 2012-2016, US$ millions

Category		2012	2013	2014	2015	2016	CAGR* 2012-2016
Total shrimp and prawns		**90.9**	**94.6**	**145.9**	**178.5**	**99.5**	**2.3%**
160521	Prepared or preserved shrimp and prawns, not in airtight containers	71.8	78.6	124.8	152.0	97.2	7.9%
160529	Prepared or preserved shrimp and prawns, in airtight containers	19.1	15.7	21.0	26.5	1.9	-43.7%
030616	Frozen cold-water shrimp and prawns	0.0	0.1	0.1	0.1	0.3	N/C*
030617	Frozen shrimp and prawns	0.0	0.1	0.0	0.0	0.1	26.1%

Source: *Global Trade Tracker, 2017.* ****N/C -*** *Non calculable.* ****CAGR -*** *Compound annual growth rate.*

Upon the entry of CETA, shrimp and prawn products will see tariff eliminations over seven years. According to Global Affairs Canada, CETA will also establish tariff rate quotas (TRQs) to provide a preferential rate for a defined quantity of imports, and a higher rate for imports above that quantity. Duty-free access for an annual volume of 23,000 tonnes is provided under a tariff rate quota during the tariff elimination. See the EU Tariff Schedule under CETA for details, specifically tariff items denoted with "TQShrimps".

CETA [1] tariff reduction on the Canadian shrimp and prawn products

Product	Existing EU tariff	Elimination period
Shrimp, frozen	12%	Immediate
Shrimp, prepared or preserved in packaged less than 2kg	20%	Immediate
Shrimp, prepared or preserved in airtight packages or in packages over 2kg	20%	7 years (duty free access under TRQ* during elimination period)

Note [1]: *For more information on CETA tariff elimination: http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/text-texte/02-A-A.aspx?lang=eng .*
Source: *Global Affairs Canada.* *****TRQ****- Tariff rate quotas.*

Retail environment

Market and consumer trends

Chilled processed seafood products continued to lead sales in the UK, as consumers perceive the chilled seafood to be fresher and healthier than frozen seafood, and are willing to pay higher prices for better options.

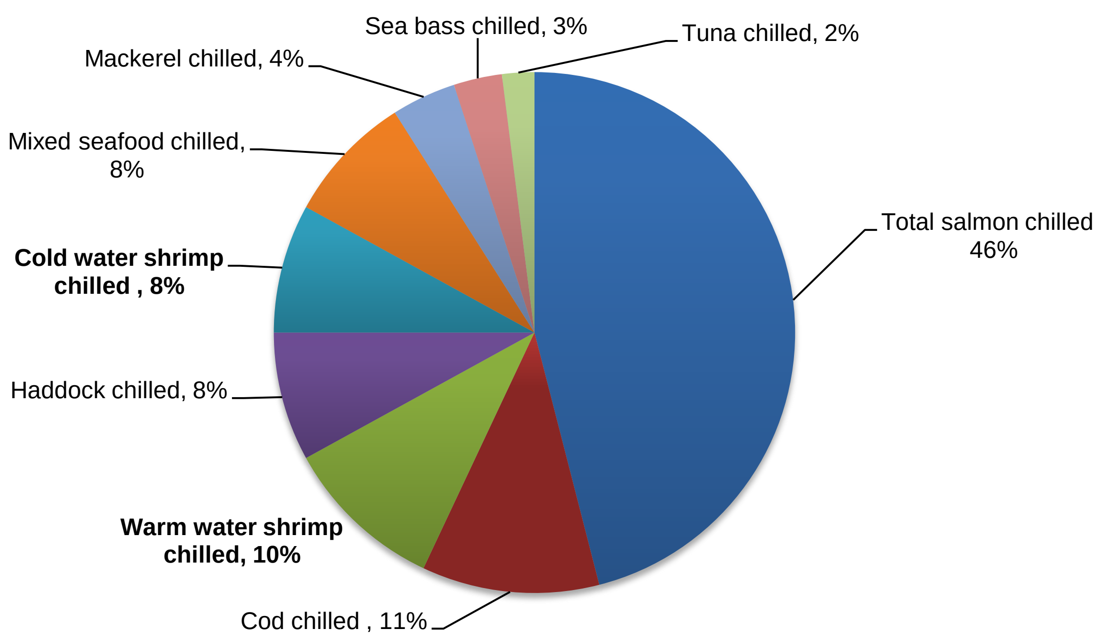
Seafood retail sales in the UK by category, US$ millions

Category	2012	2015	2016	2017F	2021F	CAGR* 2012-2016	CAGR* 2017F-2021F
Processed seafood	**3,317.7**	**3,370.1**	**3,342.4**	**3,358.8**	**3,520.2**	**0.2%**	**1.2%**
Chilled processed seafood	1,345.0	1,462.2	1,455.4	1,471.1	1,558.9	2.0%	1.5%
Frozen processed seafood	1,262.3	1,195.4	1,172.3	1,170.9	1,210.8	-1.8%	0.8%
Shelf stable seafood	710.4	712.5	714.8	716.8	750.5	0.2%	1.2%

Source: *Euromonitor International, 2017.* ***F*** *–Forecast.* *****CAGR*** *- Compound annual growth rate.*

According to IntraFish Media, UK shrimp and prawn retail sales increased more than 9.5% in value and 4.3% in volume over the past two years, mostly due to the increasing popularity of chilled shrimp products.

Top 10 chilled species in the UK by market share: 2016



Source: *Seafish, 2016.*

Consumers are shifting their taste towards the warm-water shrimp due to the increase in prices of traditional shrimp products such as cold-water shrimp, and they are purchasing seafood of higher values but at lower quantities. Warm-water shrimp is almost exclusively based on shrimp aquaculture in warm water countries, with Asia accounting for 85% of the world's aquaculture shrimp, and Latin America for 15%, while Canada and Greenland were almost the exclusive suppliers for the world's frozen cold-water shrimp due to their geographic advantage.

Euromonitor International also reported that in 2016, sales growth occurred in the value-added chilled shrimp items, such as those with sauce and within the meal kits, as more retailers are adding innovative product lines in their regular retail sales. For instance, Tesco introduced the "Tesco Free From" private label range to provide value-added products including those free from gluten.

Amongst British adults who eat seafood, 23% claim that they eat shrimp and prawns at least once a month. However, the Seafish organization reported that most of UK consumers are unaware of the benefits of consuming seafood, such as reducing heart diseases. Some consumers don't purchase seafood very often because they have limited knowledge of the recipes, and some others are afraid that consuming seafood might lead to overfished oceans or coastal pollution. As a result, seafood retailers are encouraged to include "sustainably sourced" claims, the benefits of products, and cooking recipes on their packages.

Distribution channels

Discount retailers such as Aldi and Lidl continued to gain retail market shares of shrimp and prawn products, while the main retailers, such as Tesco and Sainsbury's, were losing market shares. The discounters' marketing strategy of providing budget food items have attracted more consumers to shop in their stores.

Distribution of fish and seafood products in the UK by format: 2012-2016, % of total volume

Formats	2012	2013	2014	2015	2016
Retail	59.6%	59.8%	60.1%	60.2%	60.5%
Foodservice	35.1%	34.9%	34.7%	34.6%	34.4%
Institutional	5.3%	5.3%	5.2%	5.2%	5.1%

Source: *Euromonitor International, 2017.*

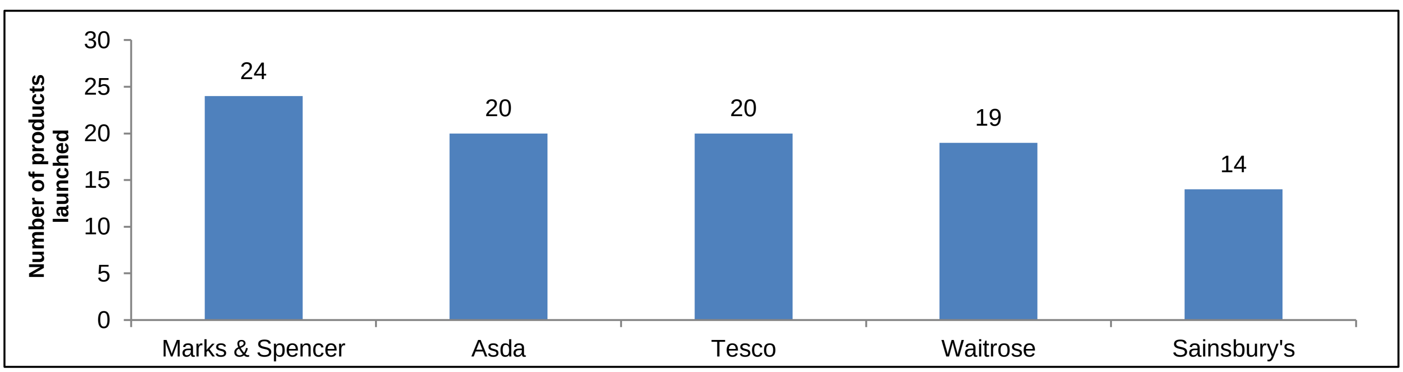
Shrimp and prawns experienced an increase in the number of servings in the UK foodservice industry including the UK fish and chips sector. The top distributors of fish and seafood products in 2015 were Direct Seafoods, Nila, and Reynolds.

The trade commissioners notified the Canadian exporters that the UK retailers often require British Retail Consortium (BRC) certificate mainly for their private label products. The certificate covers standards for food safety, packaging and packaging materials, storage and distribution and consumer products. For more information, please refer to https://www.brcglobalstandards.com/.

Value-added products

From January 2012 to December 2016, 180 new products used some type of shrimp and prawns in their product formulation in the UK market. The number of products has increased at a CAGR of 36%, growing from 14 launches in 2012 to 48 launches in 2016.

Top companies to launch shrimp and prawn products in the UK: 2012 to 2016



Source: *Mintel Global New Product Database, 2017.*

New product launches of shrimp and prawn products in the U.K.
January 2012 to December 2016, by feature

Feature	Yearly launch counts				
	2012	2013	2014	2015	2016
Yearly product launches	14	28	38	52	48
Top five claims					
Ethical - environmentally friendly package	8	16	20	25	17
Ethical - environmentally friendly product	3	9	14	13	24
Ease of use	5	11	12	15	10
No additives/preservatives	8	7	7	14	6
Microwaveable	3	3	7	14	9
Top five packaging types					
Tray	4	7	18	26	22
Flexible	1	4	9	9	14
Tub	3	3	6	5	6
Carton	3	4	3	4	2
Flexible sachet	1	6	0	7	2
Top five packaging materials					
Plastic unspecified	4	10	18	21	16
Polyethylene terephthalate plastic	2	5	7	12	17
Polypropylene plastic	4	3	6	8	7
Board white lined	0	1	3	3	1
Metallised film	0	1	1	3	2
Top five sub-categories					
Fish products	4	15	18	16	25
Prepared meals	5	3	6	20	12
Hors d'oeuvres or canapes	3	3	6	3	2
Meal kits	0	1	5	5	1
Cooking sauces	1	3	1	5	1
Top five unit price range (USD$)					
1.02 - 4.01	7	17	9	20	18
4.02 - 7.01	6	7	15	17	24
7.02 - 10.01	0	4	8	10	4
10.02 - 13.01	0	0	4	2	2
13.02 - 16.00	0	0	0	2	0

Source: *Mintel Global New Product Database, 2017.*

For more information

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in the United Kingdom**
  www.tradecommissioner.gc.ca/uk

- **Find a Trade Commissioner**
  www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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- ats-sea.agr.gc.ca

For additional information on Seafood Expo Global (SEG) 2017, please contact:

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Resources

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Sector Trend Analysis

Shrimp Trends in the United Kingdom

Global Analysis Report

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