



## Globalisation - Overview

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## Seafood - Globalised for Two Millennia

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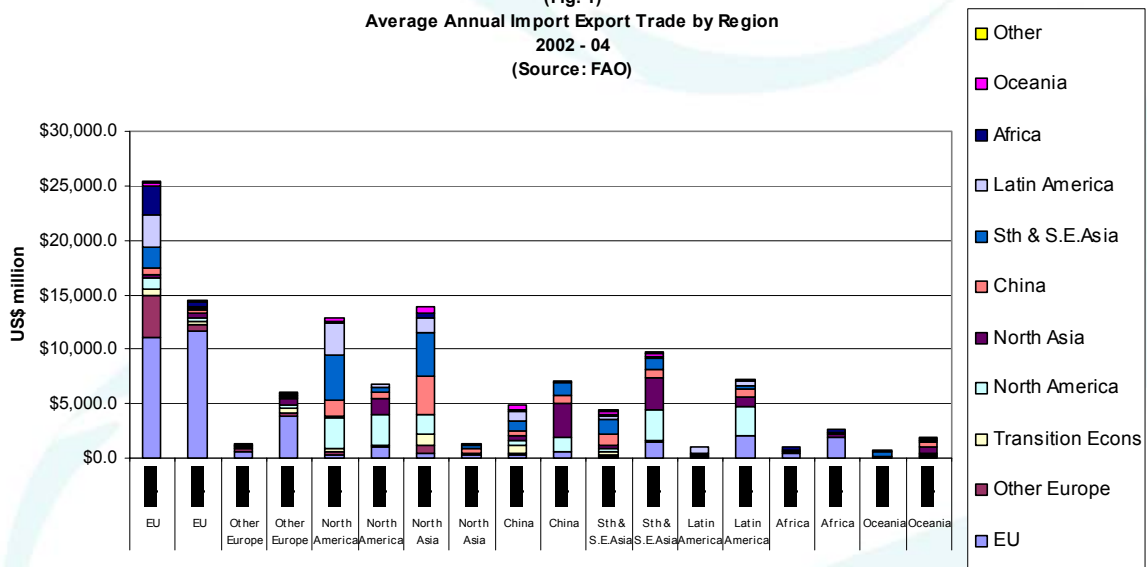


- Fish products have been traded for thousands of years;
- Food preservation technology was a key for trading;
- Preservation enabled transportation of goods and enabled fishing at greater distance from markets;
- Eventually fishing technology and refrigeration enabled catching to extend globally;
- UNCLOS and 200 mile EEZs reduced distant water fishing opportunities in favour of coastal State fishers;
- As distant water fishing opportunities reduced, international trade from erstwhile distant water, now coastal, fisheries takeover.

## Current Trade Relationships



(Fig. 1)  
Average Annual Import Export Trade by Region  
2002 - 04  
(Source: FAO)

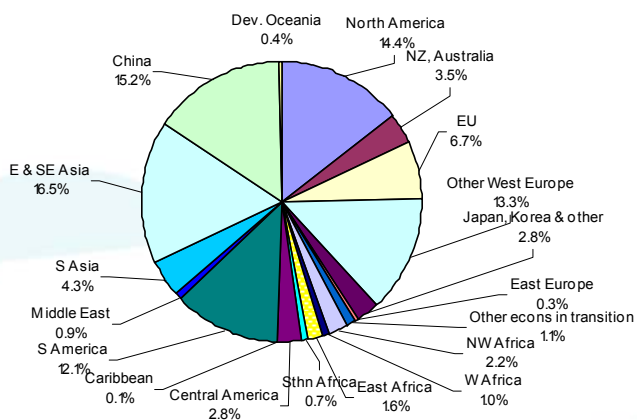




## Current Trade Relationships - Net Exports



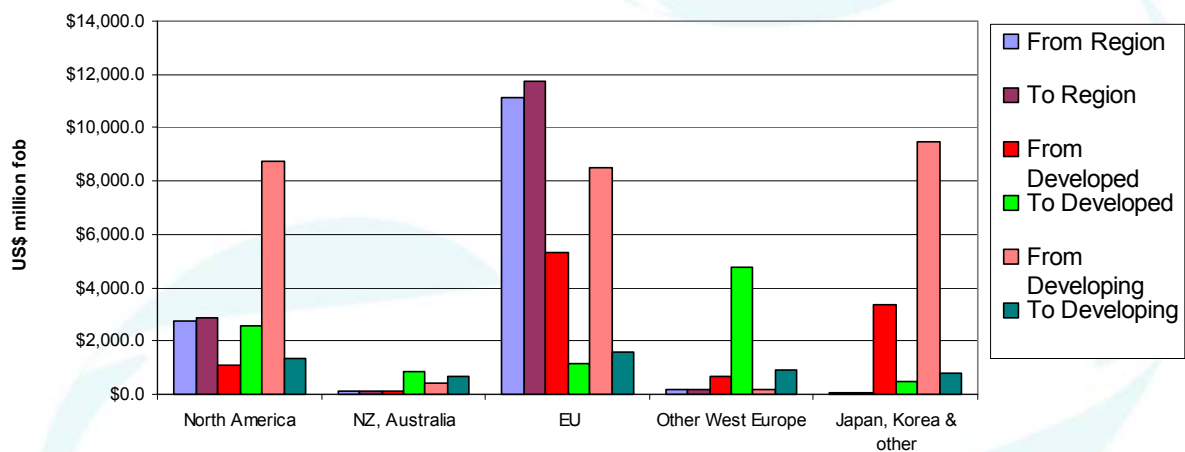
(Figure 3)  
**Average Annual Global Export Market Shares of Fish and Fish Products 2002 - 04**  
 (excl intra-EU trade)  
**USD 47.4 Billion f.o.b.**  
 (Source: FAO)



## Developed Country Trade Relations



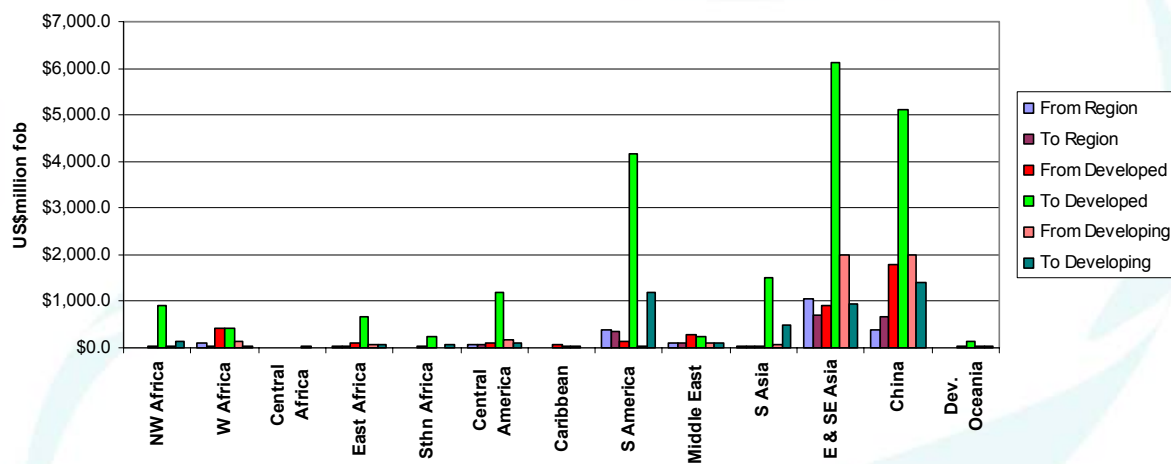
(Figure 4)  
Annual Average Developed Regions' Fish Market Trade Flows 2002 - 04  
(Source: FAO)



## Developing Country Trade Relations



(Figure 5)  
 Developing Regions' Trade Flows 2002 - 04  
 (Source: FAO)



Ten Largest Companies: Americas	Country	M. Cap US\$m	Fishing	A/culture	Fish Feed	Processing	Trading	Retail	Multi-national	Diversification
Connor Bros Income Fund	Canada	\$504				√	Global	Retail brands		Shelf stable meat products
Sociedad Pesquera Coloso SA	Chile	\$329	√			√	Global			
Pesquera Itata SA	Chile	\$254	√		√	√	Export			
Pesquera Iquique-Guanaye SA	Chile	\$180	√			√	Export			
Cleanwater Seafoods Income Fund	Canada	\$124	√			√	Global			
Omega Protein Corp	USA	\$107			√	√	Global			Shipyard
Fishery Products International (FPI) Ltd	Canada	\$96	√			√	Export		USA, Europe, Japan, China SE Asia	
Copeinca SA	Peru	\$90	√		√	√	Export		Norway	
High Liner Foods Ltd	Canada	\$87				√	Nth America			
Vita Food Products Inc.	USA	\$9				√	Nth America			Honey, processed foods

Source: Intrafish, Vol 5, No 2,  
February 2007, Wright Investor  
Services, Giltner Bank

Ten Largest Companies										
Europe	Country	M. Cap US\$m	Fishing	A'culture	Fish Feed	Processing	Trading	Retail	Multi-national	Diversification
Marine Harvest ASA (former Pan Fish)	Norway	\$3,712		√		√	Global		Europe, North America, Japan	
Cermaq ASA	Norway	\$1,470		√	√	√	Global		Europe, North America, Chile	Byproducts processing
Austevoll Seafood ASA	Norway	\$1,299	√		√	√	Global		Chile, Peru	
Leroy Seafood Group ASA	Norway	\$778				√	Global		Europe, North America	
Pescanova, S.A.	Spain	\$526	√	√		√	Global		Chile, North America, Australia, Europe	
Biomar Holding A/S	Denmark	\$477			√		Global		Europe, Chile	Pharmaceuticals
Alfesca HF	Iceland	\$420				√	Global	Retail brands	Europe	Processed foods
Icelandic Group HF	Iceland	\$305	√			√	Global		Europe, North America, Korea, Thailand, Japan	Food services
Aker Seafoods ASA	Norway	\$241	√			√	Export		Europe	
Nireus Aquaculture S.A.	Greece	\$232		√		√	Europe	Retail brands		Dairy and confectionary products, fish farming equipment
Source: Intrafish, Vol 5, No 2, February 2007. Wright Investor Services, Giltner Bank										

Ten Largest Companies	Country	M. Cap US\$m	Fishing	A' culture	Fish Feed	Processing	Trading	Retail	Multi-national	Diversification
Nippon Suisan Kaisha Ltd	Japan	\$1,591	√	√		√	Global	Retail brands	Global	Pharmaceuticals, Marine engineering cold storage and transportation
China Fishery Group Ltd	China	\$989	√			√	Global			
Maruha Corp	Japan	\$740	√			√	Global		Global	Meat, byproducts, pharmaceuticals, storage and logistics
Thai Union Frozen Foods Group	Thailand	\$553				√	Global			
Pacific Andes	China (Hong Kong)	\$359				√	Global		North America, China, Japan, Europe	Shipping services, cultivation & processing of vegetables, property
Nichiro Corp.	Japan	\$303				√	Global		Global	Hotels, packaging machinery
Sea Horse PLC	Thailand	\$276				√	Global			
Kyokuyo Co Ltd	Japan	\$239	√			√	Global		USA, Panama, Thailand, China	Other processed foods, storage and transport, insurance
Uoriki Co Ltd	Japan	\$171				√	Domestic Japan	√		Restaurants
Chuo Gyorui Co Ltd	Japan	\$129					Domestic Japan			Storage, transport, property
Source: Intrafish, Vol 5, No 2, February 2007, Wright Investor Services, Giltner Bank										

Company Name	% of sector	Types of rights owned	Rights Trader	Own fleet	Distant water fisher	Foreign vessel Charterer	A'culture	Domestic processor	Offshore processor
Sanford Sustainable Seafood Ltd	19%	quota, a'culture	✓	✓	✓	✓	✓	✓	✓
Sealord Group Ltd	14%	quota, a'culture	✓	✓	✓	✓	✓	✓	✓
Talley's Fisheries Ltd	10%	quota, a'culture	✓	✓	✓		✓	✓	
Te Ohu Kai Moana Trustee Ltd	8%	quota	✓				✓		
Aotearoa Fisheries Ltd	5%	quota, a'culture	✓				✓	✓	
Vela Fisheries Ltd	3%	quota	✓			✓			
United Fisheries Ltd	2%	quota, a'culture	✓	✓		✓	✓	✓	
NZ King Salmon Ltd	2%	a'culture					✓	✓	
Independent Fisheries Ltd	2%	quota	✓			✓		✓	
Ngai Tahu Seafood Resources Ltd	1%	quota	✓	✓		✓	✓	✓	

Company Name	Seafood Trader	Supplies brokers	Established Agents	Own offshore Marketing structure	Ownership	Off shore investment	Diversi-fication
Sanford Sustainable Seafood Ltd	√		√		Public	√	
Sealord Group Ltd	√		√	√	Private, 50% foreign	√	
Talley's Fisheries Ltd	√	√	√		Private, family		Meat, Dairy, Vegetable processing
Te Ohu Kai Moana Trustee Ltd					Tribal		
Aotearoa Fisheries Ltd	√	√	√		Tribal		
Vela Fisheries Ltd	√	√	√		Private, family		
United Fisheries Ltd	√	√	√		Private, family		
NZ King Salmon Ltd			√	√	Private, 100% foreign		
Independent Fisheries Ltd	√	√	√		Private, family	√	
Ngai Tahu Seafood Resources Ltd		√	√		Private, Tribal		

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## Conditions for Globalising the Catch Sector

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- UNCLOS and EEZs provided pre-conditions;
- Exclusion of DWFNs encouraged trade development from coastal States;
- Licensed access arrangements can hinder coastal State fisheries development;
- Abundant stocks (e.g. pelagics) and/or secure access rights encourages integration forward through the value chain;
- The opposite discourages processors to “secure” insecure raw material access through investment in catching.

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## Conditions for Globalising Aquaculture

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- Large scale, publicly listed corporates are invested in salmonid aquaculture and in seabream/seabass;
- Conservative investment in successful product lines, mass marketing formerly luxury fish species;
- Opportunities yet to be taken by them in lower cost, mass marketable species capable of competing head to head with other animal proteins – e.g. chicken.
- Finfish aquaculture has to address constraint of fish protein use.

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## Conditions for Globalising Processing

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- Few examples of fishing companies becoming food companies, many examples of food companies having fish products as part of their product lines;
- Fish processors in developed countries are moving processing offshore – earlier to Thailand and now to China – reducing labour costs and (sometimes) improving yields;
- The WTO Uruguay Round assisted globalisation by providing a science-based rules to address food safety;
- No obvious consumer resistance.

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## Demand for Coherence in Branding

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- Socially responsible market positioning is increasingly the norm for consumer brand owners;
- In food, safe food and organics have been strongly promoted and met a strong consumer response;
- Bad press related to fishstock status causes concern for brand owners, threatening condemnation of a strong growth segment;
- Risk management and competitive positioning are drivers for retailers to seek independent verification of fisheries sustainability;
- Tension between credentials for wild and aquaculture

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## Fisheries Governance and Globalisation

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- Strong connection between abundance and/or secure access rights and forward or backwards linkages to and from the global value chain already noted;
- Costs of compliance for legal fishing require reward;
- Failure to tackle fisheries governance will encourage “racing to the bottom” from less scrupulous investors, while complying companies based in complying jurisdictions will be excluded from markets.
- OECD has noted that most illegal fishing is in EEZs, but global focus is on high seas – is this avoidance?

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## Aquaculture Governance and Globalisation

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- Secure access to water space is essential;
- Aquaculture proposals can be opposed on grounds of impact on “amenity value”;
- Risks of introduction of alien species will restrict location of future development;
- Future development will locate where investment is welcomed and where concerns related to amenity value or alien species risks are less developed.

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## Regulators' contribution to Globalisation

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- Noted that WTO SPS and TBT agreements are catalysts for relocation of processing to developing countries;
- Concentration of import demand in EU, Japan and USA means no compromise in food safety expectations for imports from developing countries;
- HACCP based food safety encourages the sector to take responsibility and provides market rewards;
- Food safety regulators enable trade to take place through “outcomes based” policy settings.

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## Civil Society and Globalised Businesses

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- Environmental NGOs purport to represent civil society concerns;
- Frequently perceived by business as anti-business – the new socialists;
- E NGOs have had particular impact when they work cooperatively with business to generate political climates that favour regulatory change – the demand for independent verification of sustainable fisheries is a potential example.

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## Conclusion (1)

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- Fish products have been traded for thousands of years;
- The modern trade is strongly directed to developed countries markets;
- Corporate investors in the sector are predominantly located in the processing sector;
- Integrated investment linking primary production and processing is risk averse, concentrating in abundant fisheries with secure access and in established aquaculture systems;
- Otherwise business relationships are traditionally based on trading;

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## Conclusion (2)

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- One can contrast the role of regulators for food safety and technical concerns related to the trade in fish and fisheries regulators in relation to management;
- On food regulatory matters, regulators encourage the trade to take responsibility. Fisheries management is still predominantly “top-down” – even in rights-based systems;
- Capital will concentrate where risks are lowest and rewards highest.