Hike in tuna price forecast to continue in Europe

14/04/2006 - **Consumer resistance against the jump in prices for canned tuna will have a big impact on the market, according to the Food and Agriculture Organisation.**

"Higher prices for canned tuna are very likely in the coming months," Globefish stated. *"This might have a big impact on the European market. Consumer resistance is likely to be felt, for this important commodity."*

Canned tuna is still a relatively cheap food product, for which discount prices have been the norm in recent years. The Globefish report gives some insight into trends affecting the market in the months to come. Globefish is a unit of the FAO.

The prices of canned tuna in Europe have been moving upward in recent months, to reach almost €20 a carton in early 2006. This is the highest level in the last five years. Given the high raw material prices at present, more price hikes are likely, reported Globefish.

In a market analysis the FAO unit said low catches combined with high fuel prices were the main cause for this price hike.

The unit forecasts that imports of canned tuna are likely to be lower in 2006, as traders are quickly shifting to other commodities, once consumer resistance against high prices is felt.

Tuna species are among the most important fish commodities in the world and are mostly sold canned. The main global markets of canned tuna are the EU and the US. The main global market of tuna raw material for canning is Thailand. The main global market of tuna for direct consumption is Japan, where it is consumed raw as sashimi.

The canned tuna market in Europe was stable in 2005, with some decline in consumption, the agency noted. Prices at all levels were higher with consumer resistance yet to be felt.

Imports in all main European importers were stable in 2005. The political crisis in Côte d'Ivoire had its impact on canned tuna imported by France. The African country has made investments in tuna canning facilities ten years ago, but these are now having difficulties in producing under the present circumstances.

As a result French imports of canned tuna from the country dropped by 30 per cent in 2005 and the country lost its predominant position in the market.

Spain is now the main supplier of canned tuna to France, boosted in part by the takeover of some French brands by Spanish producers. For the same reason the presence of Italian canned tuna is increasing on the French market.

France imports of canned tuna reached 110, 600 tonnes in 2005, an increase of 3, 500 tonnes over 2004.

Italy has expanded over the years into an important canned tuna importing country, while the country used to rely on domestic production for most of its consumption some ten years ago.

Major takeovers of Italian brands by Spanish companies led to increasing exports from the mother company to the Italian market.

"Consumers report dissatisfaction with the quality and presentation of the canned tuna now being sold in Italy," Globefish reported.

A part of the problem is coming from the increase of imported tuna loins in the canned tuna production, which leads to softer meat and less chunk presentation among the canned tuna sold in Italy. Imported tuna loins make up 90 per cent of total production now.

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The UK is the most important canned tuna importer in the EU. In 2005, imports were stable at 132,600 tonnes. Thailand managed to expand its market share on the UK market, while the Seychelles remains the top supplier with a 22 per cent market share.

In 2005 supermarket private labels recovered their share compared with producer brands. John West and Princes brands are losing ground in the market, which in turn is leading to lower imports from Seychelles, Ghana and Mauritius, Globefish stated.

German canned tuna imports stayed stable in 2005. The Philippines expanding its position as main supplier, accounting for almost one quarter of total canned tuna supply to the German market. Ecuador is doing well in the German canned tuna market, expanding its exports by almost eight per cent in 2005.

Thailand also managed to recover its presence in the German market after years of declining shipments.

The European Commission has noted that the average cost for most white fish species showed moderate increases over the period 2003 to 2005, marking a reversal of the downward trend seen in 2002 to 2003.