



# TRADEX

**BRIEF –  
2008 World Cod Supply Forecast**

**Market Analysis**

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## **PREAMBLE**

### ***Disclaimer***

The information in this report is for informational purposes only. The conclusions herein are forward looking and represent Tradex Foods' best estimate based on current available information. We have used data from sources we believe to be reliable but we can not guarantee that they are complete or accurate. Although we believe the expectations reflected in our forward-looking statements are reasonable, results may vary, and we cannot guarantee future results.

### ***Feedback***

Tradex Foods welcomes your feedback about this report and our other market analysis offerings. Should you have a comment or question, please contact us:

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## 2008 WORLD COD SUPPLY FORECAST

- We have assembled this forecast of the world supply of cod in 2008 using published quotas, production estimates and our own analysis.
- Our estimate include harvests of *gadus morhua* (Atlantic cod) and *gadus macrocephalus* (Pacific cod) from both capture and aquaculture industries.

2008 WORLD COD SUPPLY FORECAST			
all figures in metric tons (MT)			
Fishery		Projected Harvest	
<b>Atlantic cod</b>			
Capture			
Barents Sea	Quota	430,000	
	IUU	100,000	
Iceland		130,000	
Baltic Sea		79,000	
Other		85,000	
Total capture			824,000
Aquaculture			
Norway		10,000	
Other		2,000	
Total aquaculture			12,000
Total Atlantic cod			836,000
<b>Pacific cod</b>			
Capture			
USA		221,300	
Russia		53,922	
Japan		31,169	
Korea		4,675	
Canada		623	
Total Pacific cod			311,690
<b>Grand total</b>			<b>1,147,690</b>

Notes:

- The IUU catch in the Barents Sea is an estimate used by ICES and the Norwegian government
- "Other" Atlantic cod capture fisheries is an estimate based on historical averages
- Pacific cod harvests for Russia, Japan and Korea are estimates based on historical averages
- IUU Illegal, unreported and unregulated fishing

- Tradex predicts total world cod supply will shrink to 1.15 million MT in 2008, comprised of:
  - Atlantic cod, wild 72%
  - Pacific cod, wild 27%
  - Atlantic cod, farmed 1%

## **Atlantic cod**

### **Capture**

- Industrialization of fishing methods following World War II led to decades of overfishing of North Atlantic cod stocks.
- Many of these once-abundant fisheries now produce at fractions of their historical catches, with some under complete moratorium.
- The Barents Sea contains the world's last abundant Atlantic cod stock, which currently yields slightly more than 60% of world supply.
- Illegal, unreported and unregulated (IUU) fishing remains a problem in this fishery – a common estimate has it at 20% of total harvests.
- The Norwegian and Russian governments claim to have had some success over the last year in combatting IUU; they therefore raised quotas slightly for 2008 after a few years of cuts.
- Iceland produces approximately 20% of world Atlantic cod supply, but concerns about the long term health of the stock led to a 30% reduction in quota for the 2007/08 fishing year.
- The only other significant Atlantic cod fishery occurs in the Baltic Sea, producing approximately 9% of world supply.
- Scientists claim the Baltic stock is near the point of collapse but so far European governments have made only small cuts to quotas.

### **Aquaculture**

- Up until 2006 the future of Atlantic cod aquaculture looked bright, with the No Catch brand in Scotland receiving worldwide attention and harvests growing steeply in Norway.
- But 2007-08 dented optimism in the industry, and may even have called into question the long term viability of the industry:
  - No Catch became insolvent, was placed into administration in early 2008. The administrators now plan to dissolve the company.
  - Reports from Norway suggested that 2007 production was down 20% from the record 2006 production of 13,000 metric tons (MT), reversing the rapid progress to that point.
- An attempt to commercialize cod farming in Norway in the 1970s failed to prohibitive costs – many of those challenges persist despite higher current cod prices.
- Recent reports have identified a new biological challenge: farmed cod reach maturity up to a year before their wild cousins, meaning

that by the time they reach maturity, their flesh has become mushy and worthless.

### ***Pacific cod***

- Alaskan Pacific cod fisheries account for 70% of the world harvest, with Russia the only other significant harvesting nation.
- Over the last few years fisheries managers in the USA have cut Pacific cod quotas by approximately 10% per year.
- Some observers question the health of the Pacific cod stocks, but managers insist that stocks are simply experiencing a normal cyclical downturn.
- Managers planned another Pacific cod quota cut for 2008 but they left quotas at 2007 levels to offset some of the losses that will result from a 28% cut to 2008 pollock quotas in Alaska.

### ***Outlook***

- Apart from the Barents Sea stock, Atlantic cod stocks in the North Atlantic remain in full retreat.
- Iceland's recent 30% quota cut may stem the long-term decline there, but otherwise a lack of drastic management measures suggests the decline will continue.
- With negative developments in the cod aquaculture industry in 2007-08, farmed Atlantic cod will remain a fringe item for the foreseeable future.
- The next few years will demonstrate whether Pacific cod stocks are currently experiencing a cyclical downturn – in which case quotas will begin to rise again – or are in decline similar to their Atlantic cousins.
- Overall, world cod supplies look set to continue their gradual decline over the next few years.