

# Scottish salmon



## Economic quarterly: 2021 Quarter 3

The farmed salmon sector contributes over £640 million to the Scottish economy every year through direct, indirect and induced impacts. It turns over in excess of £1 billion worth of Scottish salmon at the farm gate providing direct employment for over 2,500 people in farming.

Primary production is focussed around the west coast, highlands and islands in remote and rural areas of Scotland but the supply chain reaches every constituency across the country. Over £370 million is spent annually with over 3,600 Scottish companies.

This economic quarterly provides a sector overview on some key areas with future editions looking to provide some further analysis of factors facing the sector.

### Production of Scottish salmon

by quarter; tonnes wet weight



Source: Marine Scotland; Salmon Scotland

### Production

Farmers maintained their expectation for production volumes in 2021 despite the domestic and international sector challenges. It is estimated that volumes produced in 2021 will be 217,000 tonnes, some 9,300 tonnes (+4.5 per cent) higher than in 2020.

Output during the three quarters of 2021 has been challenging due to market access still being restricted in many regions with passenger flight numbers greatly reduced and increased checks, paperwork and time in accessing the nearby European market. Despite this, farmers have overcome these hurdles in order to reach market demand effectively.

Primary production is across five different regions with growth across the majority of regions in recent years. With over 200 active farms across Scotland, the total pen area of sea for marine -stage activity amounts to less than 170Ha.

### Cost inflation

While volumes from the sector have continued to grow in line with forecasts, there have been many developments which are impacting the sector simultaneously leading to increased costs and dampened returns. The global supply of salmon increased earlier in the year as production plans were met and markets remained restricted due to the pandemic. As a result, trade shifted towards more mature and closer to home markets. This has been offset by other challenges such as increased business costs — additional paperwork, combined with restrictive rises in logistical costs — and led to farmers supplying domestic demand and the main market of France.

### Product innovation

In order to maintain market competitiveness, companies continued to invest in technologies and new product development as well as maximising efficiencies within internal supply chains.

For example, secondary or further processing of fish provides additional value to product as well as reducing the volume of fish which needs to be distributed.

### Regional production of Scottish salmon

by farming region;

2021 Q3 estimate 60,600 tonnes

#### North Coast & West Highlands

Production: 15,900t

Share: 26 per cent

#### Outer Hebrides

Production: 11,700t

Share: 19 per cent

#### Argyll & Clyde

Production: 14,000t

Share: 23 per cent

#### Shetland

Production: 12,400t

Share: 20 per cent

#### Orkney

Production: 6,700t

Share: 11 per cent

Totals may not sum due to rounding

Source: Salmon Scotland



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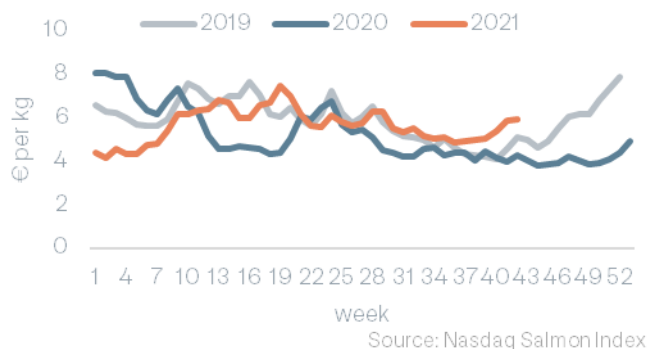


@salmon\_scotland



### Atlantic salmon prices

NQSalmon; € per kg



### Prices

Farmgate prices (NASDAQ) for Atlantic salmon experienced a seasonal decline during the initial stages of Q3 before rallying at the end of the period. However, they remain some way behind the returns recorded pre-pandemic at the end of 2019.

Despite the challenging market conditions, Scottish wholesale prices at the French RUNGIS market maintained a premium throughout the year over international competitors.

### Trade

UK exports of fresh and chilled Atlantic salmon to the EU reached record volumes for the first nine months of the year helping to make Scottish salmon the most valuable UK food export.

Access to international markets continued to be restricted due to many key outlets for Scottish salmon remaining closed or below capacity while routes to market were also impacted.

Almost 80,000 tonnes of Scottish salmon was exported in the first three quarters worth over £485 million—surpassing the annual figures recorded for 2020 as a whole and providing some indication of the agility within the sector to get product to market.

### UK market demand

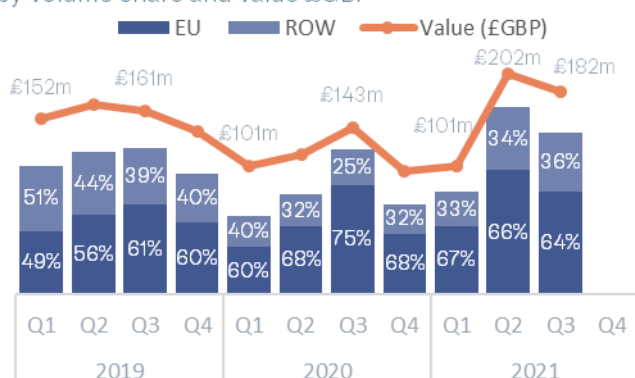
The overall UK retail market for fresh fish is worth £2.3 billion each year. Natural fresh fish accounted for just under half of that value at £1.1 billion in the 52 weeks ended 23 October. Salmon is the most valuable of the category accounting for 48 per cent and over half a billion pounds worth of all sales.

Volumes of chilled salmon increased in the 52 weeks to the end of October by 2 per cent in value and volume terms, maintaining growth experienced at retail during the initial stages of the pandemic as foodservice outlets were closed.

As more businesses return to full capacity the outlook for domestic consumption beyond at-home or retail should remain positive as consumers take the opportunity to eat out more often while also maintaining salmon as part of their home-cooking repertoire.

### Exports of Scottish salmon

by volume share and value £GBP



### UK retail consumption

Top five fresh natural fish at retail;



### Investment in sustainability

In addition to innovating for consumers, farmers continue to invest in the latest and best equipment and practices. This requires a network of suppliers which crosses the length and breadth of Scotland - and beyond - providing leading technologies and inputs.

Whether it be new nets which provide additional protection against predator (seal) attacks to replace old ADDs (Acoustic Deterrent Devices), new net cleaning technology to improve safety for divers or technology for monitoring water quality and sampling for plankton - the sector continues to invest with a holistic approach to all its farming activities.



Scottish salmon adds over **£640 million** to the economy each year.



**38 Scottish salmon** are exported overseas every minute



**£370 million** annual spend with over **3,600 Scottish suppliers**