

January 2022

2022 Market Report: Cod



Executive Summary

Supply and Production

- Global cod production in 2021 is estimated at 1,616,000 MT, 6% higher than the production in 2020, and the first time since 2014 that cod production has not dropped.
 - The cod production forecast for 2022 is estimated to decrease due to the stricter implementation of Total Allowable Catch (TAC) quotas. In the Barents Sea, one of the world's most important cod fisheries, the TAC for cod has been set to 708,480 MT for 2022, compared to 885,600 MT in 2021.
 - Russia is the world's largest producer and exporter of cod, with just under a third of the global cod catch. They are followed by Norway, with around a fifth of the global catch.
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Import and Export

- Cod is exported as fresh or chilled, frozen, filleted, dried, or preserved (salted or brine). The total value traded in these categories was over USD 4.8 billion in 2020.
 - The fresh, dried, and preserved categories are dominated by inter-European trade, with a market share of 87% in 2020.
 - Russia exports nearly a third of all frozen cod. More cod is exported to China (29% in 2020) to be processed and less to the Netherlands.
 - China is the largest importer of frozen cod (39% in 2020). Frozen cod is processed in China and is exported as frozen cod fillets. Most of these fillets are exported to Europe and the US.
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Recent Developments

- TAC quotas in 2022 are in discussion. There will most likely be a reduction in cod production in 2022.
- Since January 2021, China has imposed a ban on Russian vessels entering the harbors of Dalian and Qingdao due to covid-19 regulations. The ban changed the market dynamics - more cod was processed into fillets in Russia, transferred through South Korea, and entered China to bypass these regulations. In the first half of 2021, Chinese imports of frozen Russian cod decreased drastically to 15,022 MT, 30% lower than the imports during the same period last year. Although imports recovered in Q3, another covid-19 outbreak in Dalian in November led to more strict control over vessels entering the main Chinese fish processing harbor.

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Part I

Product Information

- 1.1 Cod Species Information
- 1.2 Commercial Identification of Cod
- 1.3 Habitat and Distribution
- 1.4 Cod Fishing
- 1.5 Commercial Presentation

Product Information

Cod Species Information

Cod usually refers to fish from the genus *Gadus*. The FAO's AFSIS List of Species for Fishery Statistics Purposes lists the following species in the genus:

- Atlantic Cod (*Gadus morhua*)
- Pacific Cod (*Gadus macrocephalus*)
- Greenland Cod (*Gadus ogac*)
- Alaska pollock (*Gadus chalcogrammus*)
- Northern Cod (*Gadus* spp)

Commercial Identification of Cod

Atlantic, Pacific, and Greenland cod are commercially grouped. The Alaska pollock is usually grouped individually and traded, and other northern cod have minimal commercial value. For consistency, the use of "cod" in this report refers to the Atlantic, Pacific, and Greenland cod. The HS codes for cod are:

- 030251 Fresh or chilled cod (*Gadus morhua*, *Gadus ogac*, *Gadus macrocephalus*)
- 030363 Frozen cod "*Gadus morhua*, *Gadus ogac*, *Gadus macrocephalus*"
- 030471 Frozen fillets of cod "*Gadus morhua*, *Gadus ogac*, *Gadus macrocephalus*"
- 030551 Dried cod "*Gadus morhua*, *Gadus ogac*, *Gadus macrocephalus*", even salted, not smoked (excluding fillets and offal)
- 030562 Cod "*Gadus morhua*, *Gadus ogac*, *Gadus macrocephalus*", salted or in brine only (excluding fillets and offal)

Of the three species referred to as cod, Atlantic cod has the largest market share in landings, at an average of 74% for 5 years until 2019. Pacific cod has a market share of 26%. Over the last 6 years, Greenland cod catchments were less than 50 MT per year, a market share of 0.003%.

Cod can grow to large sizes, and there are records of cod sizes as big as 1.8 meters and 95kg. However, most commercial cod is often much smaller. The market size of Atlantic cod ranges from 2.5 to 10 lb (1.1 to 4.5 kg).

Atlantic and Pacific cod are usually not distinguished in the market, as there are few differences in the meat of these two. However, the meat of Atlantic cod is sweeter than that of Pacific cod.

Cod has tender white meat with a mild flavor and is widely popular. It is marketed in various ways, including fresh, frozen, and cod fillets, salted, or preserved.

Figure 1. Atlantic Cod (*Gadus Morhua*)



Figure 1. Source: Scandinavian Fishing Yearbook

Habitat and Distribution

As the names suggest, Atlantic cod and Pacific cod are found in the Atlantic and Pacific Oceans. Cod are so-called demersal or groundfish, which means they feed near the bottom of the ocean or in the demersal zone. However, they might move to the pelagic zone (not near the bottom of the surface) when feeding and spawning. Atlantic cod populations have been found in a wide range of habitats, mostly at depths of 150 to 200m, at a wide range of oceanic salinities, and at temperatures ranging from below 0° to 20° C (although giant cod prefer colder temperatures of below 0° to 5°C).

Figure 2. Atlantic and Pacific Cod Distribution Map



Figure 2. Source: FAO

Cod Fishing

Cod is mainly caught with otter trawls, although other fishing methods are also standard, including gillnets and long lines. Depending on the country, cod can be fished year-round. However, there are periods where cod is more abundant due to migration patterns.

Figure 3. Cod Fishing with Otter Trawls

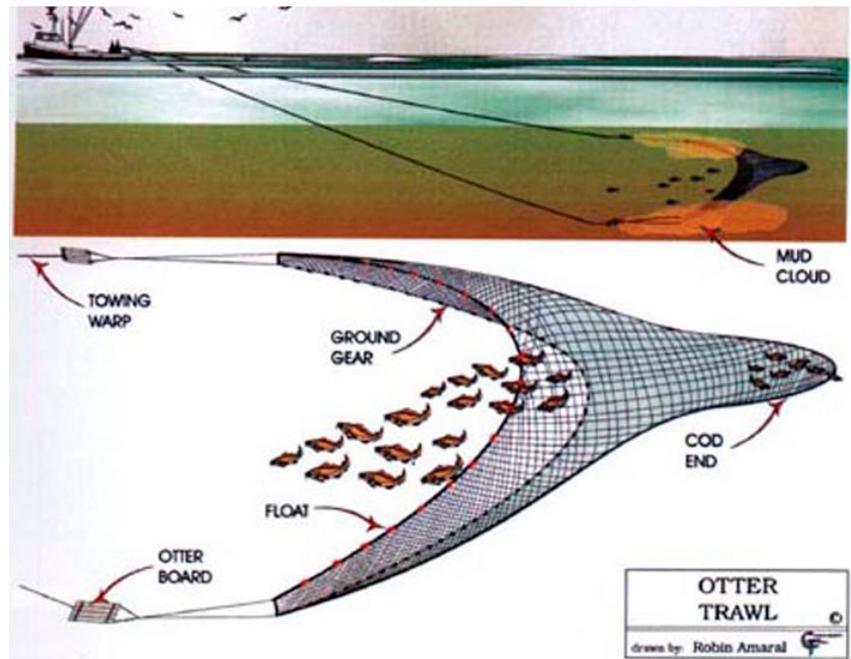


Figure 3. Source: Penobscot Marine Museum

Part II

Global Market Dynamics

2.1 Cod Landings

2.2 Exports

2.3 Imports

Global Market Dynamics

Cod Landings

Cod landings have decreased for five years until 2020, but the forecast for 2021 is 6% higher. However, the landings in 2022 can drop again. The decrease in Atlantic cod landing in 2020 was because of stricter Total Allowable Catch (TAC) quotas. Quotas were relaxed in 2021 but are expected to be more rigid in 2022. The 2021 cod supply is likely to increase because although Pacific cod landing may decrease by 7.8%, the supply of Atlantic cod is predicted to be 11.1% higher. The supply for Pacific cod in the US and Canada is expected to decrease. The increase in Atlantic cod is expected mainly in Norway and Russia.

The Joint Norwegian–Russian Fisheries Commission (JRNFC) has agreed upon the fishing quotas for the Barents Sea. The Barents Sea is one of the world's most important Atlantic cod fisheries, and Russia and Norway share fishing quotas. Other countries were allocated smaller quotas. The TAC in the Barents Sea for 2022 was 708,480 MT, a decrease from 885,600 MT in 2021 but similar to 725,000 MT in 2019.

Figure 4. Global Atlantic and Pacific Cod Landings

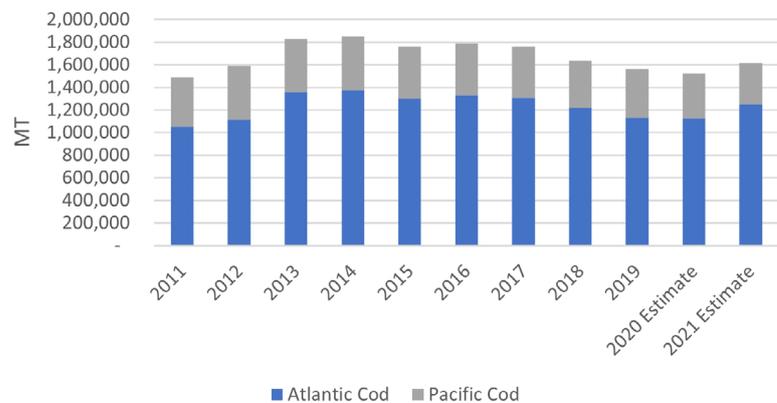


Figure 4. Source: FAO Fishstat

Figure 5. Global Atlantic and Pacific Cod Landings

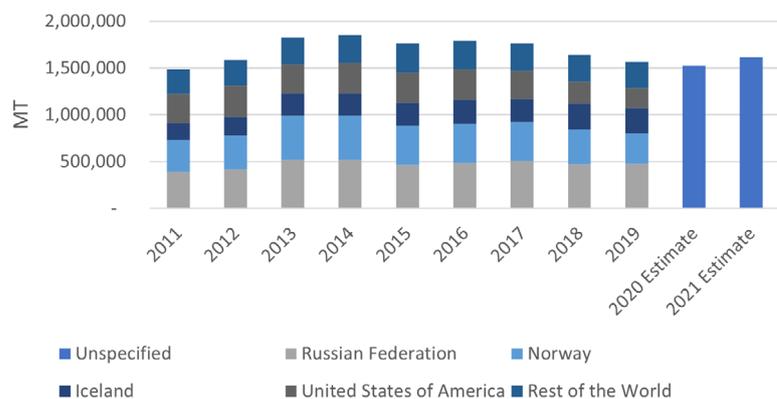


Figure 5. Source: FAO Fishstat

Exports

Cod is exported in a variety of ways, and the quantities and values of world exports are listed below.

Table 1. Cod Exports

HS Code	Description	Quantity Exported in 2020 (MT)	Value Exported in 2020 (USD Thousand)
030251	Fresh or chilled cod (<i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i>)	116,207	569,244
030363	Frozen cod " <i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i> "	361,167	1,209,272
030471	Frozen fillets of cod " <i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i> "	278,318	1,922,227
030551	Dried cod " <i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i> ", even salted, not smoked (excluding fillets and offal)	70,812	668,404
030562	Cod " <i>Gadus morhua</i> , <i>Gadus ogac</i> , <i>Gadus macrocephalus</i> ", salted or in brine only (excluding fillets and offal)	65,655	443,147

Table 1. Source:

Figure 6. Value of Fresh, Fozen, Filleted, Dried and Preserved Cod Exports in 2020 (USD '000)

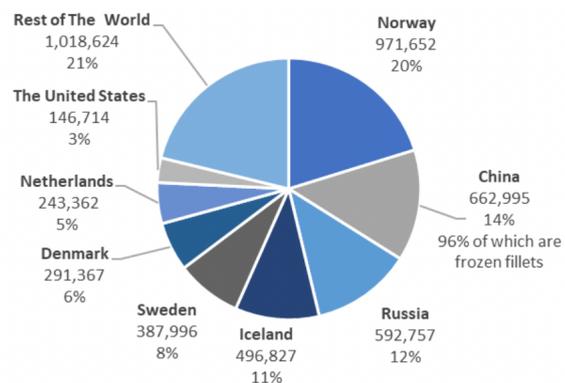


Figure 6. Source: ITC Trade Map

Imports

The fresh and chilled cod trade centers around Europe and reexports inside the EU are common. In 2020, the market share of European imports of fresh and chilled cod was 98%. Dried cod trade is also centered around Europe, but the Dominican Republic is also a significant importer with a market share of 19% in 2020. Bacalao, a dish made with dried and salted cod, is popular in the Dominican Republic. The imports of preserved cod are also centered around Europe, with a market share of 90%.

Europe imported most of the frozen cod in 2020. However, China was another major importer of frozen cod, especially Russian frozen cod.

Europe is the largest importer of cod fillets, followed by the US.

Figure 7. Volume of Global Imports of Fresh, Frozen, Filleted, Dried, and Preserved Cod Exports in 2020

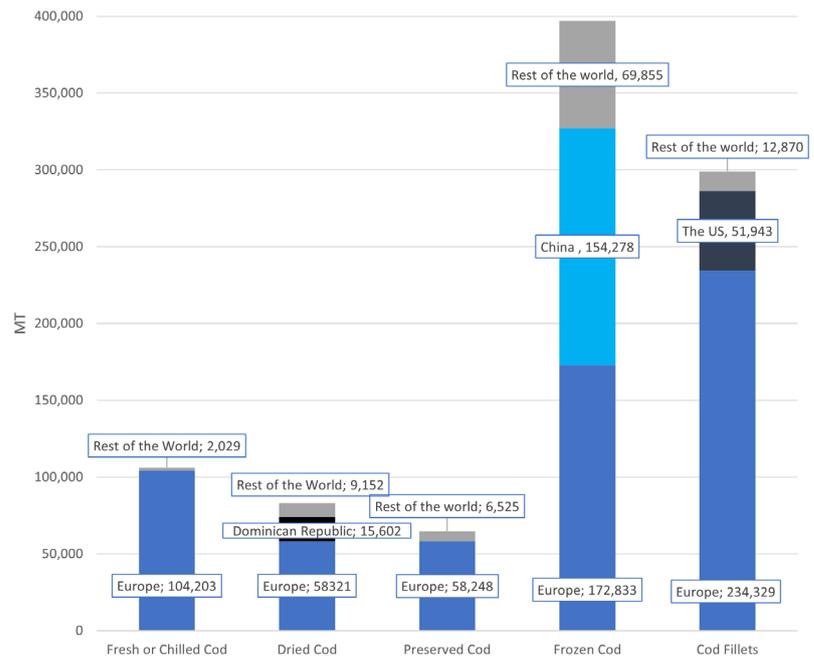


Figure 7. Source: ITC Trade Map

Part III

Developments in Major Producing and Importing Countries

- 3.1 Russia
- 3.2 Norway
- 3.3 China

Developments in Major Producing and Importing Countries

Russia

Russia is the largest producer of cod, catching an average of 370,000 MT of Atlantic cod and 109,500 MT of Pacific cod per year. However, there has been a shift to Pacific cod in recent years.

Cod populations are controlled by Total Allowable Catch (TAC) quotas in the Barent Sea. The TAC for the Barent Sea is 708,408 MT for 2022. The quota decreased by 20% from the 885,600 MT in 2021. Russia and Norway share these fishing waters, thus the bulk of the quota. However, a small portion is also given to other European countries. The Norwegian-Russian Joint Fishery Commission decides the share between the two countries.

Most Russian exports are frozen cod (USD 415 million in 2020) and cod fillets (USD 176 million in 2020), and very little fresh or chilled cod. Dried and preserved cod exports have shifted to frozen cod exports in the last decade.

Most of the frozen cod exports go to the Netherlands (33% in 2020), China (29% in 2020), and South Korea (24% in 2020). However, there has been a shift in China in the past 7 years. The transition may be due to an increase in Pacific cod catchments and a closer distance of Pacific cod fisheries to China.

Figure 8. Russian Frozen Cod Exports to South Korea

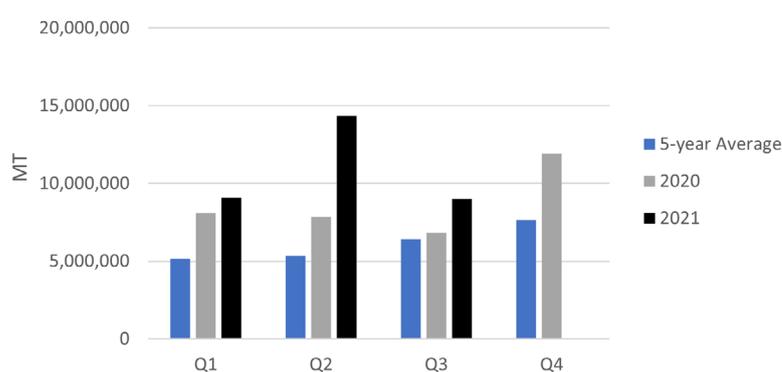


Figure 8. Source: ITC Trade Map

While Russia is already a large exporter of frozen cod fillets, these exports soared due to the complications with cod entering China.

Figure 9. Russian Cod Fillet Exports

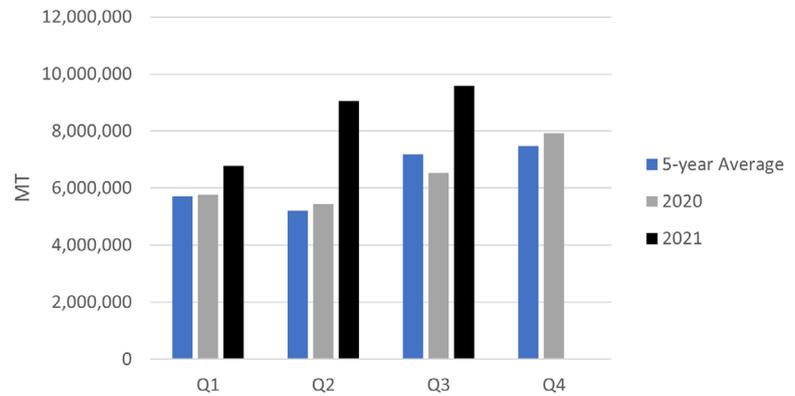


Figure 9. Source: ITC Trade Map

Norway

Norway is the second-largest producer of cod, with a 5-year average catch of Atlantic cod of 372,604 MT. Norway's cod landings have decreased over the 6 years ending 2020, but are expected to increase in 2021, only to drop again in 2022 due to strict fishing quotas.

Norway's quota in the Barents Sea for 2022 was set at 321,605 MT by the Norwegian-Russian Joint Fishery Commission, 20% lower than the 2021 quota.

Figure 10. Norway's Frozen Cod Exports to China

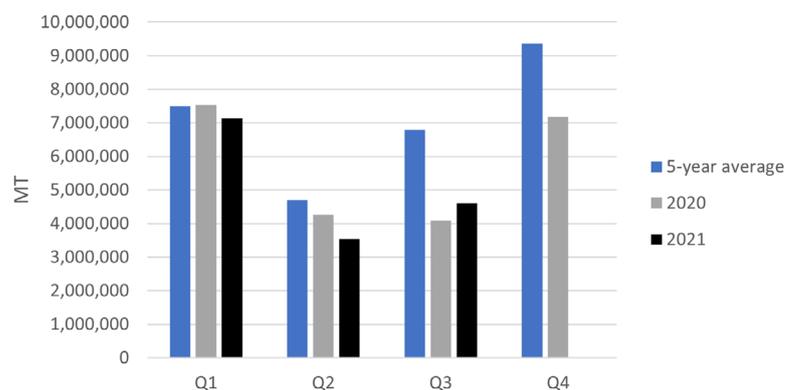


Figure 10. Source: ITC Trade Map

China

While China does not fish cod, it has a massive processing hub, where cod is processed into cod fillets. In value, China is the second-largest exporter of fresh, frozen, filleted, dried, and preserved cod, but 96% of these exports are cod fillets, and the remaining 4% are reexporting of other categories. As a result, China is a major importer of frozen cod, importing over 40% of the global imports.

Chinese cod consumption is low, and almost all imported cod is processed and exported again. In the fishing industry, gutted and headed cod, compared to fillets, have a conversion process of about 65%. China imported 154,278 MT of frozen cod in 2020 and exported 100,198 MT of cod fillets (64.9%), which implies that none of the imported cod is consumed within China.

Figure 11. China's Frozen Cod Imports and Cod Fillet Exports

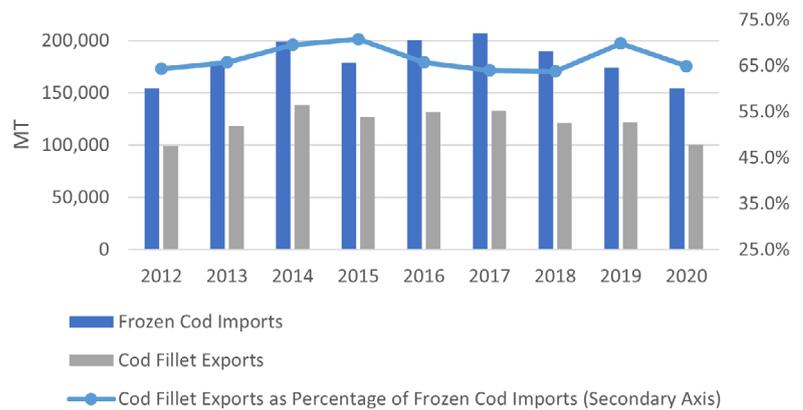


Figure 11. Source: ITC Trade Map

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