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Portugal

Fishery Products

Annual

2003

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Report Highlights:
New EU fisheries policies will introduce further constraints on Portugal’s fishing fleet, but total catch is expected to continue to expand over the next few years. Total seafood imports for 2003 are estimated at over 442,000 tons. With the dollar weaker against the euro, U.S. exporters could ship more frozen processing cod into this market during the remainder of 2003. 1 USD = 0.87 Euros.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1]
[PO]

Executive Summary

Due to resource management efforts, Portugal's total fish landings are expected to expand during 2003, to an estimated 210,000 Mt; about 32 pct will consist in sardines and eight pct, Atlantic horse mackerel. About a fifth of total fish landings will be caught in international waters. The total 2004 fish harvest is forecast at 215,000 Mt, moderately above 2003 levels under the effects of improved fish stock management practices. Local fishing levels are expected to remain mostly stable over the next three-to-five years. Reduced investment supports from the EU will crimp the fishing fleet. In addition, the opening of Portuguese waters in the 12-to-200 mile zone to other EU fishermen in 2004 will prevent total fish landings from increasing, particularly for certain migratory species.

Total Portuguese seafood imports are expected to come down moderately during 2003 to about 442,000 Mt, fresh weight basis, due to a reduction in purchases of cured and canned fish. Total fresh/frozen fish imports will tend to be up though, due to an expansion in fish processing activities -- largely encouraged by the application of the EU import tariff suspension regime to key processing fish types. Benefiting from a three pct import tariff, imports of frozen cod for processing had a 33 pct expansion during the first half of 2003 relative to the same period of 2002, while other processing fish types were also up. At the same time, salted wet cod imports were down by 20 pct, displaced both by the larger frozen cod processing activity, and by higher imports of salted dry cod brought in from other EU countries. In addition to fish for processing, most categories that have been expanding in 2003 include frozen and fresh hake (+ 11 and 7 pct respectively), and fresh squid/loligo (+ 14 pct). Total fish imports are likely to suffer another moderate reduction in 2004. Three-to-five year trends will largely depend upon the effects of the new EU fishing policies upon Portuguese fish production. However, processing fish types will tend to continue to expand, in light of local consumption patterns and the difficulties of Portuguese fishermen accessing resources of certain traditional species like cod, now subject to particularly tight production control rules. At the same time, certain popular species will continue to be imported to satisfy a strong local demand, including squid/loligo, monkfish and salmon, among others.

Total seafood imports from the U.S. are expected to be down in 2003, with the local statistics office (INE) reporting a 20 pct reduction in total seafood imports from the U.S. during the first semester of the current year. This reduction was due almost entirely to the lower salted wet cod segment, which was affected by changes in local industry use trends, and by unfavorable price ratios of salted wet cod with frozen processing cod. The U.S. is likely to recover market share in 2004 if the dollar rate does not appreciate significantly against the euro, given a strong local demand for fish types of which the U.S. is an accredited supplier, including frozen cod, frozen Alaska salmon, squid and monkfish.

1 USD = 0.87 Euro

Commodity Name: Groundfish, Whole/Eviscerated

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Groundfish, Whole/Eviscerated				(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Beginning Stocks	5000	5000	5000	5000	0	5000
Total Production	3500	14196	0	14000	0	12000
Intra-EC Imports	40000	34520	0	39000	0	40000
Other Imports	52000	36939	0	45000	0	46000
TOTAL Imports	92000	71459	0	84000	0	86000
TOTAL SUPPLY	100500	90655	5000	103000	0	103000
Intra-EC Exports	11000	6116	0	4300	0	4200
Other Exports	750	516	0	550	0	560
TOTAL Exports	11750	6632	0	4850	0	4760
Domestic Consumption	83750	79023	0	93150	0	93240
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	83750	79023	0	93150	0	93240
Ending Stocks	5000	5000	0	5000	0	5000
TOTAL DISTRIBUTION	100500	90655	0	103000	0	103000

Production

General

Portuguese groundfish production for 2002 in the PSD Table has been raised to reflect new information published by the Portuguese official statistics office (INE). Leading species in the total were: Greenland halibut (4,319 Mt), cod (3,630 Mt), hake (2,557 Mt), and white hake (3,647 Mt). Groundfish here includes fresh/frozen cod, hake, whiting, pollock, haddock and halibut.

Total 2003 groundfish production is expected to come down moderately from previous year levels primarily due to hake stocks-related issues. The national fisheries directorate (DGPA) reports a 28 pct reduction in first quarter 2003 hake catch relative to first quarter 2002 levels, and is currently reviewing a special program to enable hake stocks to recover. (For more on fish management, please see the "Policy" section.) The cod catch is expected to remain basically stable at the level of EU-set Portuguese Total Allowed Catch (TAC). Note that under current fishing conditions, cod is basically caught under the Portuguese TAC in Norwegian waters, as NAFO cod TACs are presently frozen.

Due to current hake stock conditions, the Portuguese groundfish catch is forecasted to suffer another reduction in 2004. While the new EU Fisheries Policy is not expected to have significant effects on Portuguese groundfish production in the near term, it may have an effect in the long-term. For more details on the Reform, please see the "Policy" section.

Quality

Quality of fresh groundfish is generally considered high, especially for fresh hake for retail sale. In the case of frozen groundfish, quality is considered variable due primarily to different transportation and storage conditions aboard fishing vessels, although they are generally improving due to continuous investments in fleet renovation. In health and sanitary terms, Portuguese seafood is subject to EU standards and regulations.

The Portuguese market is particularly sensitive to cod fish quality, due to specific standards related to the tradition of salted dry cod consumed in the country. Atlantic cod (*Gadus morhua*) is considered superior in flavor and texture relative to Pacific cod (*Gadus macrocephalus*). This relates to intrinsic differences in properties of these two sub-species. Further, Pacific cod is reported to be frequently damaged by parasites, which affects the fish both in edible property terms as well as in what concerns visual attractiveness and appeal of the end-product (primarily salted dry cod) at retail. The larger, thicker codfish are rated as higher-quality and receive price premiums. Pollock is viewed as a cheap, lower-quality cod substitute, primarily used for processing. Fresh silver hake imported by air from the United States is considered to be of high quality.

Consumption

Consumption of groundfish is expected to grow in 2003 due to an expansion in frozen fish use for processing. This results primarily from comparative cost advantages of using frozen cod for processing into salted dry cod instead of salted wet cod. Further, use of other groundfish for processing may undergo moderate expansion as a consequence of diversification trends of the local industry, including haddock, which is used for mincing. Groundfish use for home consumption is expected to remain mostly stagnant. The price competitiveness of meat products and ready-to-cook meals, in addition to other fish types, tends to prevent domestic groundfish use from growing. Portuguese groundfish consumption is forecast to expand moderately in 2004 as well, provided that the price relationship between imported frozen cod and salted wet cod does not deteriorate.

Trade

Portuguese 2003 groundfish imports are estimated to expand significantly relative to CY-2002 levels due to an increase in frozen cod imported for processing. According to INE, frozen product accounted for virtually all groundfish imports during the first semester of 2003. This category had a twenty pct increase during that period compared to the first half 2002. Frozen cod for processing (which accounts for over 60 pct of total frozen groundfish), had a 33 pct increase over first semester 2002 imports. During the same period, frozen hake (36 pct of total frozen groundfish) increased eleven pct over first semester 2002 levels. Fresh groundfish imports are small and consist mostly of hake; imports of this species showed a 7 pct increase during the first half of 2003 compared to 2002 levels. As a consequence of current production trends, total groundfish imports will tend to expand in 2004. Frozen cod for processing will tend to remain the leading expanding segment. Both fresh and frozen hake imports will also tend to grow due to the current problems with hake stocks in national waters.

Portuguese groundfish imports from the U.S. have been off in 2003 due to a slowdown in local demand for pollock. According to INE, frozen cod accounted for 91 pct of total first semester 2003 groundfish imports from the U.S. (70 pct during first semester of 2002), the remaining being accounted for by pollock. However, favored by the lower dollar rate against the euro, frozen cod imports from the U.S. expanded by 15 pct during the first semester of 2003 over first semester 2002 levels. U.S. frozen cod imports from the U.S. are likely to continue to grow in 2004, provided that the dollar does not appreciate significantly against the euro. It is important to note that the weak dollar also favors other cod origins using the dollar as reference currency, especially Russia. Russian cod is considered a direct U.S. competitor, as it is offered in smaller sizes (one to one-and-a-half kilos) and benefits from shorter shipping distances. Imports of pollock will tend to remain weak, being displaced by additional quantities of processing cod.

Trade Matrices for total Groundfish during Calendar Years 2001 and 2002, as well as for Jan-June 2002 and 2003 are given below.

Import Trade Matrix -- CYs 2001 and 2002

Import Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	CY	Units:	Metric Tons
Imports for:	2001		2002
U.S.	9134	U.S.	4994
Others		Others	
Spain	24893	Spain	25862
U.K.	2353	U.K.	2673
Denmark	1522	Denmark	4432
Other EU	1137	Other EU	1553
Russia	22983	Russia	22647
South Africa	5807	S. Africa	4903
Norway	2057	Norway	1911
Togo	723	Togo	638
New Zealand	531	Uruguay	332
Iceland	379	Argentina	228
Total for Others	62385		65179
Others not Listed	1444		1286
Grand Total	72963		71459

Export Trade Matrix -- CYs 2001 and 2002

Export Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	CY	Units:	Metric Tons
Exports for:	2001		2002
U.S.	8	U.S.	9
Others		Others	
Spain	5275	Spain	4697
France	623	France	712
U.K.	319	U.K.	350
Denmark	199	Denmark	168
Other EU	203	Other EU	189
Switzerland	46	Japan	197
Canada	20	Taiwan	142
Total for Others	6685		6455
Others not Listed	52		168
Grand Total	6745		6632

Import Trade Matrix -- 1ST Semester 2002 and 2003

Import Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	1st Semester	Units:	Metric Tons
Imports for:	2002		2003
U.S.	2780	U.S.	2512
Others		Others	
Spain	12708	Spain	16579
U.K.	1430	U.K.	1893
Denmark	2739	Denmark	1638
Other EU	872	Other EU	385
Russia	10526	Russia	14248
South Africa	2584	S. Africa	2715
Norway	1607	Norway	2140
Togo	240	Togo	185
New Zealand	197	Argentina	157
Iceland	19	Chile	144
Total for Others	32922		40084
Others not Listed	260		216
Grand Total	35962		42812

Export Trade Matrix – 1ST Semester 2002 and 2003

Export Trade Matrix			
Country	Portugal		
Commodity	Groundfish, Whole/Eviscerated		
Time period	1st Semester	Units:	Metric Tons
Exports for:	2002		2003
U.S.	4	U.S.	5
Others		Others	
Spain	2542	Spain	1846
France	451	France	112
U.K.	259	U.K.	117
Denmark	168	Denmark	16
Other EU	87	Other EU	200
Switzerland	28	China	190
Canada	5	Taiwan	51
Brazil	19	Brazil	23
China	0	Japan	23
Total for Others	3559		2578
Others not Listed	261		46
Grand Total	3824		2629

Policy

General

Portuguese resource management in national and international waters is coordinated by the EU, which also negotiates fishing quotas on Portugal's behalf. All international fishing agreements, including Portuguese bilateral accords, are negotiated by the EU.

As a consequence of the EU Fisheries policy reform, species with conservation problems are to be managed through special EU-set recovery plans, which apply in addition to the TAC regime. The EU has already developed plans for Northern Atlantic hake and cod and is preparing another for hake populations in Portuguese waters. The revision of the EU fisheries policy -- contained in EU Regulation 2369/02 – will restrict Portuguese catches in the medium-term, due to accrued fishing limitations related to fish stocks management, as well as new constraints to EU-backed investment subsidization programs. For a discussion of the impact of the Fisheries Reform in Portugal, please see the "Policy" section under "Total Edible Fishery Products" at the end of Report. Under the same section, there is a listing of the more significant groundfish TACs set for Portugal for 2003.

Tariffs

Portuguese groundfish imports are subject to the EU import tariff regime. This includes the EU duties suspensions, of particular interest to frozen processing cod, which may currently be brought in at a three pct import tariff. A synthesis of specific Import Quotas affecting cod products, are listed in the "Policy" section under "Salted Cod, n.d.." For import tariffs affecting key groundfish types, see the tariff table at the end of report. Note that silver hake also benefits from an EU import quota of 2,000 Mt (for all of the EU), under which the fish can be imported at an eight pct rate.

Marketing

Current groundfish demand trends, and the EU tariff suspension regime for a series of processing fish types create an attractive potential for increased U.S. cod sales here. In addition to cod, pollock and halibut will tend to remain interesting niche markets, while silver hake can profit from the current slowdown in local hake production. Pacific pollock will be in demand as a cheap replacement for salted dry cod for mincing and for the preparation of pre-cooked products. Frozen halibut is primarily used for mincing.

U.S. exporters wishing to export groundfish into Portugal should contact the following:

Office of Agricultural Affairs
Lisbon - Portugal
Telf.: + 351 - 21 770 2354/56
Fax: + 351 - 21 726 9721
Email: AgLisbon@fas.usda.gov

Associacao dos Industriais do Bacalhau (AIB)
Telf.: + 351 - 234 368 002
Fax: + 351 - 234 368 003
Email: aibacalhau@clix.pt
Note: For frozen processing cod

Associacao dos Comerciantes de Pescado (ACOP)
Telf.: + 351 - 21 974 096/217 978 884
Fax: + 351 - 217 951 695
Note: For all other groundfishes, fresh or frozen

For additional information regarding the Portuguese cod sector, see FAS GAIN Report #PO3001.

Commodity name: Cod, Salted

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Cod, Salted				(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Beginning Stocks	150	150	150	150	0	150
Total Production	40000	33125	0	35000	0	38000
Intra-EC Imports	6000	17763	0	36000	0	37000
Other Imports	114000	91702	0	55000	0	50000
TOTAL Imports	120000	109465	0	91000	0	87000
TOTAL SUPPLY	160150	142740	150	126150	0	125150
Intra-EC Exports	4900	5466	0	3826	0	3800
Other Exports	400	178	0	10	0	10
TOTAL Exports	5300	5644	0	3836	0	3810
Domestic Consumption	154700	136946	0	122164	0	121190
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	154700	136946	0	122164	0	121190
Ending Stocks	150	150	0	150	0	150
TOTAL DISTRIBUTION	160150	142740	0	126150	0	125150

Production

Portuguese 2003 salted wet cod production is expected to increase relative to 2002 levels as a consequence of an intensification of frozen cod use for processing, as already indicated under "Groundfish." Due to the scarcity of cod resources, salted wet cod production from national catch is minimal, consisting in a roughly unchanged 50 pct share of cod harvested by Portuguese fishermen which is not immediately exported. This forces the local industry of cod salting and drying to rely almost entirely upon the international market for raw material sourcing. National wet salted cod production is forecasted to go up again in 2004, given the projected increase in domestic demand levels, and the fact that under the current EU tariff regime, wet salted cod processing generally yields higher margins than just the drying of the imported salted cod, n.d..

Consumption

Portuguese total consumption of salted wet cod is estimated to suffer some reduction during CY-2003 due to trend for salted wet cod to be displaced with directly imported salted dry cod. Total wet salted cod use is forecasted to decline moderately during 2004, if direct imports of salted dry cod should continue to rise.

Salted wet cod is utilized to dry and produce the traditional salted dry cod which is locally used in an infinite number of culinary applications. Though a roughly stable product, salted dry cod use suffered a considerable reduction in past years under the competition of meat products -- including poultry meat and pork -- as well as a series of new food products.

Though mostly stable at present, end-consumer use of salted dry cod is considered liable to slide down by around one pct during the current year. In order to modernize and increase competitiveness, the local industry has been increasing the production of pre-wetted cod -- derived from salted dry cod, which is wetted and frozen -- which seeks to address the easy-to-use requirements of current days domestic cooking. Industry sources report that pre-wetted frozen cod presently accounts for roughly thirty percent of total cod consumed at retail.

Trade

General

Salted wet cod imports are estimated to come down somewhat in 2003 relative to 2002 levels, due to the attractiveness of frozen cod processing (see "Groundfish, Whole, Eviscerated"), while larger salted dry cod imports from other EU countries affected the cod processing industry. Another moderate decline in local salted wet is expected in 2004, if the industry continues to process larger quantities of frozen cod as presently expected.

Direct salted wet cod imports from the United States are expected to be down during 2003, with first semester 2003 imports revealing a decline proportionate to that of the total salted wet cod import total. Another proportionate reduction in salted wet cod imports from the U.S. is anticipated for 2004.

INE reports that national CY-2002 salted dry cod imports totaled 81,000 Mt (fresh weight basis), 18 pct over CY-2001 levels, representing 114 Million Euros in trade value. During the first semester of 2003, Portugal's salted dry cod volume imports rose another 14 pct from first semester 2002 levels. First semester dry cod imports were led by Denmark (36 pct of total), Norway (28 pct) Russia (11 pct) and Spain (10 pct).

Trade Matrixes for Calendar Years 2001 and 2002, as well as for first semester 2002 and 2003 with data from the National Statistics office (INE) are given below.

Import Trade Matrix -- CYs 2001 and 2002

Import Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	CY	Units:	Metric Tons
Imports for:	2001		2002
U.S.	10413	U.S.	8418
Others		Others	
Denmark	7020	Denmark	7538
Netherlands	2750	Netherlands	5420
Other EU	3726	Spain	2866
Iceland	59193	Other EU	1939
Norway	35626	Iceland	45633
Russia	6254	Norway	29754
Canada	6125	Canada	4019
		Russia	3679
Total for Others	120694		100848
Others not Listed	405		199
Grand Total	131512		109465

Export Trade Matrix -- CYs 2001 and 2002

Export Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	CY	Units:	Metric Tons
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Spain	5499	Spain	3550
Greece	1281	Other EU	1916
Other EU	1044		
Total for Others	7824		5466
Others not Listed	28		178
Grand Total	7852		5644

Import Trade Matrix -- 1ST Semester 2002 and 2003

Import Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	1st Semester	Units:	Metric Tons
Imports for:	2002		2003
U.S.	4116	U.S.	3289
Others		Others	
Denmark	4183	Spain	7310
Netherlands	1872	Netherlands	4584
Other EU	1894	Denmark	3976
Iceland	27095	Other EU	787
Norway	14590	Iceland	14138
Canada	2887	Norway	8413
Russia	2392	Russia	2955
		Canada	1617
Total for Others	54913		43780
Others not Listed	51		116
Grand Total	59080		47185

Export Trade Matrix -- 1ST Semester 2002 and 2003

Export Trade Matrix			
Country	Portugal		
Commodity	Cod, Salted		
Time period	1st Semester	Units:	Metric Tons
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Spain	2579	Spain	1124
Other EU	790	France	637
		Other EU	595
Total for Others	3369		2356
Others not Listed	155		5
Grand Total	3524		2361

Policy

Tariffs

Salted cod, n.d. imports are subject to the EU-set import tariff regime. Market access differentiates origins. Member States of the European Economic Space (EES) tend to have favorable access conditions to all cod types, which accumulate with tariff benefits granted by the EU to all origins. An overview of key Tariff-Rate Quotas currently in effect is given below.

EU Cod Tariff-Suspension Regime

Tariff Code	Description	Quota Duty
0302.50.10, 0302.50.90, 0302.69.35, 0303.60.11, 0303.60.19, 0303.60.90 0303.79.41	Cod and *Boreogadus saida* for processing	3 pct (1)

Note: Importation of products indicated above is without limit, but subject to EU-set reference prices.
(1) Annex VI of EU Reg. 104/2000.

EU Autonomous Import Quotas

Tariff Code	Description	Quota (M.T.)		Quota Duty (%)	
		2002	2003	2002	2003
0305.62.00 0305.69.10	Cod and *Boreogadus saida*, salted or in brine, but not dried or smoked, for processing.	10,000	10,000	0 pct	0 pct

Note: At the end of 2002, 5,841 Mt from quota remained un-alloted. Under the current year's quota, the General Customs Office reports that 7,930 Mt have remained un-alloted to the trade.

Cod and *Boreogadus saida* WTO Quotas

		Quota (M.T.)	**Quota Period**	**Quota Duty (%)**
0305.51.10 0305.51.90 0305.62.00	*Gadus morhua* and *Gadus ogac.* species.	25,000	Jan-December	0
0305.59.11 0305.59.19 0305.69.10	*Boreogadus saida*			

Note: Pacific cod is excluded from the WTO Quotas. This year's quota is currently depleted.

EU Salted Dry Cod Import Quota for Norway

Product Description	Total Quota	Import Duty (%)	Period in Effect
Salted Dry Cod	13,250 Mt	0 pct	April 1 to Dec. 31

Marketing

Salted wet cod has favorable market prospects in Portugal given the current high industry dependency upon imports and presently favorable dollar rates. Further, industry contacts often indicate that U.S. wet salted cod is a more reliable product quality-wise than frozen processing cod.

Due to lack of local buyer's knowledge of the U.S. cod industry and long shipping distances, U.S. fish exporters need to cater to this market, namely by attending local food shows to increase exposure to local buyers, and by maintaining high product quality standards. AGOFFICE strongly recommends, among others, regular participation in the "Conxemar" seafood show, which is held yearly during the first week of October in Vigo, located north of Aveiro, Portugal's cod "capital", where the cod processing industry is concentrated.

U.S. exporters wishing to export wet salted cod into Portugal should contact the following:

Office of Agricultural Affairs
Lisbon - Portugal
Telf.: + 351 - 21 770 2354/56
Fax: + 351 - 21 726 9721
Email: AgLisbon@fas.usda.gov

Associacao dos Industriais do Bacalhau (AIB)
Telf.: + 351 - 234 368 002
Fax: + 351 - 234 368 003
Email: aibacalhau@clix.pt
Note: For frozen processing cod

For additional information regarding the Portuguese cod sector, see FAS GAIN Report #PO3001

Commodity Name: Total Edible Fishery Products

Production, Supply & Distribution Table

PSD Table						
Country	Portugal					
Commodity	Total Edible Fishery Products				(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Landings/Comm'l Catch	140000	198033	0	210000	0	215000
Fresh/Frz Production	78800	125561	0	134300	0	137300
Canned Production	32500	32165	0	33000	0	34000
Cured Production	700	700	0	700	0	700
Total Production	112000	158426	0	168000	0	172000
Fresh/Frozen Imports	230000	249583	0	254575	0	256000
Canned Imports	6400	7118	0	4270	0	4000
Cured Imports	218000	195125	0	183500	0	180000
TOTAL Imports	454400	451826	0	442345	0	440000
Fresh/Frozen Exports	70000	74557	0	52190	0	52000
Canned Exports	11000	8663	0	7086	0	7000
Cured Exports	17000	23908	0	25800	0	26000
TOTAL Exports	98000	107128	0	85076	0	85000
Domestic Consumption	468400	503124	0	525269	0	527000

Production

Total 2002 fish landings in the PSD Table have been revised to reflect newly published production data by the national statistics office (INE). Sardines account for 32 pct of total 2002 fish landings, and Atlantic horse mackerel for eight pct. A long list of fishes caught in reduced quantities in national and international waters follow.

Total fish landings are estimated to expand moderately in 2003 due to the effects of improved stocks for critical species, including sardines, the chief species caught off the Portuguese coast. This is confirmed by preliminary production data from the general fisheries directorate (DGPA), according to which local first quarter 2003 fish landings rose by eleven pct relative to first quarter 2002 levels. Favorable production trends related to adequate fish stocks management practices for most species are expected to enable Portuguese total fish landings to rise moderately in 2004. However, the 2004 fish crop expansion will be contained by new production constraints, among which the access of the Spanish fleet to Portuguese waters. This development, derived from the Common EU Fisheries Policy (check "Policy" section), is to affect catch of certain fishes found between 12 and 200 miles off the Portuguese coast, namely swordfish and tuna fish. Total impact of the "comunitarization" of Portuguese waters is not believed to be nearly as significant as it might seem due to water access terms to be set, which among others, will imply specific activity control rules for newcomers. Further, the bulk of the fisheries resources off the Portuguese coast are concentrated within the twelve-mile limit.

Virtually all of the local fish catch is sold fresh, with only about 30,000 tons being frozen, either aboard the vessels or on land by the local fish processing industry. Canned fish production is expected to increase moderately in 2003 due to the larger catch of fish traditionally used for canning, namely sardines, tuna fish and chub mackerel. Cured fish production from Portuguese harvested fish tends to be stable (see "Production" under "Salted Cod, n.d."). Quality of both fresh and frozen fish sold in the market is considered good and in compliance with EU health directives and regulations.

The national statistics office (INE) reports that the Portuguese fishing fleet totaled 10,548 vessels in 2002 (10,532 in 2001) with 110,586 tons (110,072 tons in 2001). Vessels under 5 tons accounted for 86 pct of the fleet number and 13 pct of tonnage. There are 178 vessels fishing in international waters, of which 119 are registered in the Azores.

Consumption

Portuguese consumption of total edible fishery products is estimated to expand in 2003 in association with the larger domestic fish catch and with a relative price stability of fish products. The national statistics office reports that during the first quarter of 2003, the average consumer price index for seafood products rose by 2.6 pct relative to first quarter 2002 levels, which compares favorably against a national inflation of 4 pct and a 2.3 pct increase in average food prices. Another moderate expansion in domestic total seafood consumption is expected for 2004 due to the positive outlook of the 2004 catch.

Trade

General

Total volume of seafood imports in 2003 is estimated to come down moderately relative to 2002 levels. INE reports that during the first semester of 2003, Portuguese fresh/frozen seafood imports were up by 2.3 pct, whereas cured fish dropped by 6 pct and canned seafood by 42.4 pct. This largely reflects trade developments in the processing cod business, with a trend for frozen cod to displace salted wet cod as raw material for salted dry cod production. In addition to frozen processing cod and salted dry cod, a series of fish types were imported in larger quantities during the first half of 2003. These include live/fresh squid and loligo (14 pct up relative to first semester 2002 levels), fresh monkfish (44 pct up) and frozen monkfish (13 pct up). Another moderate reduction in total seafood imports is forecasted for 2004 due to both the salted wet cod and canned seafood segments.

Total seafood imports from the U.S. will tend to be down during 2003, with INE reporting a 20 pct reduction in U.S. trade into Portugal during the first semester 2003 against first semester 2002 levels. This poor performance is primarily due to the lower wet cod sale caused by a demand slowdown (see "Salted Cod, n.d."). Other than frozen processing cod, the U.S. managed to increase moderately first semester 2003 frozen salmon exports into Portugal, even when faced with a 33 pct reduction in total frozen salmon imports. Other traditional species have been affected by the commercial aggressiveness of its EU competitors or alleged trade problems. Loligo imports from the U.S. in particular have been affected by the competition of the Spanish squid, which is fished off the Falkland Islands. Level of seafood imports from the U.S. will largely depend upon currency factors, as well as upon the efforts produced by the U.S. fish industry to develop a market here.

Trade Matrices for Total Edibel Fishery Products for CYs 2001 and 2002, as well as for the first semesters 2002 and 2003 are given below, with data from the national statistics office (INE).

Import Trade Matrix -- CYs 2001 and 2002

Import Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	CY	Units:	Metric Tons
Imports for:	2001		2002
U.S.	23285	U.S.	17302
Others		Others	
Spain	149472	Spain	148834
Denmark	24537	Denmark	39784
Netherlands	12006	Netherlands	16694
Other EU	26852	Other EU	36126
Norway	71254	Norway	64508
Iceland	60326	Iceland	46589
Russia	30009	Russia	29785
S. Africa	8348	S. Africa	7103
Canada	6865	India	5177
India	5495	Ghana	4629
Total for Others	395164		399229
Others not Listed	32188		35295
Grand Total	450637		451826

Export Trade Matrix -- CYs 2001 and 2002

Export Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	CY	Units:	Metric Tons
Exports for:	2001		2002
U.S.	1658	U.S.	2129
Others		Others	
Spain	61192	Spain	68750
France	9105	France	8874
Italy	4546	Italy	5722
U.K.	3034	U.K.	4217
Other EU	5240	Other EU	4423
Brazil	5748	Brazil	4840
Angola	2159	Angola	1840
Canada	1581	Canada	1622
Total for Others	92605		100288
Others not Listed	4674		4711
Grand Total	98937		107128

Import Trade Matrix -- First Semester 2002 and 2003

Import Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	1st Semester	Units:	Metric Tons
Imports for:	2002		2003
U.S.	9074	U.S.	7263
Others		Others	
Spain	70982	Spain	76099
Denmark	15837	Denmark	20030
Netherlands	7567	Netherlands	9044
Other EU	14429	Other EU	13531
Norway	32431	Russia	24134
Iceland	27462	Norway	20726
Russia	14078	Iceland	14708
S. Africa	3600	S. Africa	3947
Ghana	3195	China	3564
Canada	3107	India	2625
Total for Others	192688		188408
Others not Listed	16432		16505
Grand Total	218194		212176

Export Trade Matrix -- First Semester 2002 and 2003

Export Trade Matrix			
Country	Portugal		
Commodity	Total Edible Fishery Products		
Time period	1st Semester	Units:	Metric Tons
Exports for:	2002		2003
U.S.	868	U.S.	673
Others		Others	
Spain	37935	Spain	24379
France	4089	France	4158
Italy	1840	Italy	2867
U.K.	1824	U.K.	1462
Other EU	2468	Other EU	1960
Brazil	2905	Brazil	3779
Canada	742	Canada	841
Switzerland	383	Angola	539
Angola	340	Switzerland	375
Total for Others	52526		40360
Others not Listed	1978		1912
Grand Total	55372		42945

Policy

Production Policy

The Portuguese fishing industry is subject to the EU Common Fisheries Policy, which was object of a Reform in December 2002. The new EU fishing policies are considered generally restrictive due to both new fish stocks management rules, and changes to the EU investment subsidy regime.

Under the new fish stocks management rules, Portuguese fishermen are affected by both the fishing plans developed by the EU for cod and hake catch in Northern Atlantic waters, as well as by special management plans that are presently being developed for hake and crayfish populations in national waters. The new structuring investment support regime approved by the EU is also considered restrictive, as financial supports for the construction of new fishing vessels, or for any investments to increase fishing capacity, are to be eliminated. However, this policy has been mitigated by a derogation that allows subsidization of boats under 400 gross tons until the end of 2004. The emphasis of the new EU fisheries policy upon vessel abatement and fishing capacity reduction also expresses itself in the accrued subsidy levels for investments involving a large reduction in fishing capacity when devoted to species with stock problems (a 20 pct subsidy premium is to be conveyed to investments involving a 25 percent reduction in fishing capacity under those conditions). Portugal currently applies a multi-year Operational Fisheries Plan (POP-4) directed to the re-structure of the national fleet, which will be in effect through 2006. Out of the 52 vessels that were fishing in Moroccan waters during the 1997/99 period, fourteen have been removed from the fleet by way of EU subsidies or shipwrecked. All others have been either integrated in the swordfish fleet operating in the Mediterranean, or exported to third countries where they formed joint ventures or fished under a fishing agreement with the EU. A couple of vessels are reported to have formed joint-ventures in Morocco. For the full text of the new EU Fisheries Policy, see EU Regulation 2369/02.

TACs in national and EU waters are set by the EU, which also negotiates bilateral agreements with third countries on Portugal´s behalf, and negotiates TACs with international fishing organizations on behalf of EU Members. TACs concerning Portugal set for 2003 are given in table below:

Portuguese 2003 Fishing T.A.C.s

	EU TAC (Mt)	Portuguese Quota (Mt)	Variation
National Waters			
European Anchovy	8,000	4,174	0 %
Megrim	2,400	74	-40 %
Monkfish	4,000	663	-16 %
Whiting	1,360	1,360	-20 %
Hake	6,960	2,090	-13 %
Blue Whiting (VIIIc,IX,X,CECAF 34.1.1)	30,415	6,083	0 %
Norway Lobster	600	450	-25 %
Plaice	448	75	-19 %
European Pollock	360	12	-20 %
Atlantic mackerel	35,000	5,963	-15 %
Sole	1,600	998	-20 %
Atlantic horse Mackerel (VIIIc, IX)	55,200	25,036	-4 %
Atlantic horse Mackerel (X)	3,200	3,200	-20 %
Atlantic horse Mackerel (CECAF)	1,600	1,600	-20 %
Total National Waters	**151,143**	**51,778**	**-8 %**

(To be Continued)

Portuguese 2003 Fishing T.A.C.s (Cont'd)

	EU TAC (Mt)	Portuguese Quota (Mt)	Variation
External Quotas			
- <u>EEC-10</u>			
Blue whiting (VIII abd)	14,6654	829	- 56 %
Blue whiting (I,II,V,VI,VII,XII,XIV)	-	1,073	+ 0 %
Atlantic horse mackerel (Vb, VI,VII,VIIIabde,XII,XI)	111,300	1,246	- 9 %
- <u>Large Migrating species</u>			
Swordfish (North Atlantic, 5th)	14,000	1,003.6	+ 32 %
Swordfish (South Atlantic, 5th)	16,631	368	- 4 %
Northern Bluefin Tuna	32,00	752.3	- 6 %
Albacore	34,500	2,730.4	+ 40 %
Albacore	29,200	908.7	+ 38 %
Big eye Tuna	97,000	9908	+ 72 %
White marlin		46.5 (un-	
Blue marlin		divided)	
- <u>Northeast Atlantic</u>		103 (un-divided)	
Atlantic Herring	35,500		- 49 %
Cod (Svalbard)	395,000	41	+ 0 %
Shrimp (Svalbard)	519 days	1,425	+ 0 %
Red Fish (Irminger Sea)	119,000	1 ship/123 days	+ 19 %
- <u>Norway</u>		2,330	
Red Fish	1,000		- 67 %
Cod	395,000	269	+ 0 %
		2,204	
- <u>Northwest Atlantic</u>			
Red Fish (3 M)	3,100	2,354	+ 0 %
Yellowtail flounder (3 LNO)	14,500	290	+ 11.6 %
Plain bonito (3 LMNO)	42,000	4,858	- 5 %
Shrimp (3M)	13 ships/400 days	1 ship/69 days	+ 0 %
Total External Quotas	**1,339,885 (*)**	**32,300**	**+ 13 %**

(*) All EU TACs, including those un-distributed to Portugal.

An important issue with consequences for the Portugese fisheries sector currently under discussion is the "communitarization" of national waters. This issue was triggered by Spanish demands for access to waters off the Portuguese coast between 6 and 200 miles under the principles of the EU Common Fishing Policy. This "communitarization" is a complex issue as, unlike most EU countries whose Water Units tend to coincide with geographical borders, the Water Management Unit off the Portuguese coast extends beyond the Portuguese northern and southern geographical borders into Spanish waters. The implementation of open access to the Water Management Unit will imply access to currently Portuguese waters by the Spanish fleet, and only to limited Spanish waters for the Portuguese one. However, given its political and legal inevitability, Portuguese authorities have pursued action to minimize potential losses. Extension of waters to be "communitarized" was narrowed from the 6 to 200 mile strip as initially claimed by Spanish authorities to the 12 to 200 mile one, thus protecting the 12-mile zone, which is the richer in natural resource terms. "Communitarized" water tends to be populated primarily with migratory species, including swordfish and tuna fish, which were not traditionally fished by mainland Portuguese fishermen. At the same time, the water "communitarization" will imply enforcement of new control measures to prevent stocks depletion, which will also tend to limit the fishing capacity of the Spanish fleet. Under the Fishing Reform, the Azores and Madeira islands kept a 50 mile water reserve, and are presently negotiating an extension to the 200 mile limit. The new water "communitarization" provisions integrate an EU regulation presently under discussions, which is expected to be approved by the EU Council of Ministers in October.

Tariff Regime

Portuguese seafood imports are subject to the EU import tariff regime. A list of processing fish is currently subject to the EU duty suspension regime under Council Regulations 104/2000 and 2264/2002. For EU import tariffs in effect for key seafood products, see the Tariff Table at the end of report.

Marketing

EU trade policies favor seafood products which benefit from the EU duty suspension regime. These include processing salmon, sturgeon, lump fish with roe, red snapper, hard fish roes, krill, and certain varieties of crabs, which are currently tariff-free. Frozen Alaska pollock fillets and processing prawns also benefit from suspended duties, while processing cod can be imported at a 3 pct tariff rate, and surimi and frozen blue grenadier fillets and meat at a 3.5 % tariff rate.

In order to develop markets here, U.S. exporters are advised to work closely with the local trade, and to participate regularly in regional seafood shows. AGOFFICE strongly recommends among others, regular attendance of the "Conxemar" Seafood Show, which is held yearly during the first week of October in Vigo, Spain. Due to its proximity to northern Portugal, this show is attended by the majority of larger Portuguese seafood importers.

U.S. exporters wishing to export seafood into Portugal should contact the following (for cod, check "Salted Cod, n.d."):

Office of Agricultural Affairs
Lisbon - Portugal
Telf.: +351 - 21 770 2354/56
Fax: + 351 - 21 726 9721
Email: AgLisbon@fas.usda.gov

Associacao dos Comerciantes de Pescado (ACOPE)
Telf.: + 351 - 21 974 096/217 978 884
Fax: + 351 - 217 951 695
Email: acope@iol.pt
Note: For all other groundfishes, fresh or frozen

GRUPO GEL
Telf.: + 351 - 22 939 8340
Fax: + 351 - 22 939 8349
Email: grupo.gel@mail.telepac.pt
Note: Leading frozen fish buyer's group

NOVA SEC
Telf.: + 351 - 21 301 7858
Fax: + 351 - 21 301 7860
Note: Frozen fish buyer's group

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE

U.S. Competitive Position	Measurement	Previous Year Situation	Current Year Situation	Next Year Expectations	5 Year Projections/ Expectations
U.S. Access Relative to Rest of World- Non-Tariff Measures (NTM)	Worse, equal, or better (choose one)	worse	worse	worse	worse
U.S. Access Relative to Rest of World - Tariffs	Higher, equal, or lower (choose one)	lower	lower	lower	lower
Presence of Marketing Programs (domestic and 3rd country) versus U.S. programs	More aggressive, about the same, or less aggressive (select one)	More aggressive	More aggressive	More aggressive	More aggressive
U.S. Prices Relative to Domestic and 3rd Country Prices	Higher, equal, or lower (choose one)	Higher	Higher	Higher	Higher
U.S. Market Share (3 Year. Average)	Percent	3.8	3.4	3.5	4.0

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE

Market Attractiveness	Measurement	Previous Year Situation	Current Year Situation	Next Year Expectations	5 Year Projections/ Expectations
Per Capita Consumption of All Fishery Products	Kg per person	50.3	52.5	52.7	52.7
Per Capita Consumption of animal proteins (excluding fishery products)	Kg per person	62.5	62.6	62.7	62.8
Percent of population with refrigerators	Percent	96.1	96.2	96.3	96.5
Percent of fishery product sales at supermarkets	Percent	44	43	42	40
Percent of total food sales at supermarkets	Percent	50	50	50	50
Percent of animal protein sales at supermarkets (excluding fishery products)	Percent	22	20	18	15
Percent of fishery sales at HRI establishments	Percent	10	10.5	11	12
Percent of fishery sales at open markets	Percent	4	4.5	5	6

Tariff Table

Portuguese seafood imports are subject to the EU import tariff schedule. Below we provide tariffs in effect for key seafood products. For more detail, please check FAS GAIN Report #E23007.

PORTUGAL: Import Tariff Table

Product Description	Tariff in effect (%)
Processing Cod	3 (suspended)
Frozen monkfish	15
Loligo	6
Frozen Alaska Pollock	15
Frozen Pacific Salmon	2
Live Lobster	8
Fresh/Live Crawfish	12.5
Minced cod of the Gadus macrocephalus sp.	7.5
Processing Tuna Fish	0
Frozen loligo (loligo vulgaris)	6
Processing Alaska Salmon	0 (suspended)

Note: Under the duty suspension regime, imported seafood must respect minimum entry prices.