

Scottish salmon



Economic quarterly: 2021 Quarter 4

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 data available giving some indication of the size, scale and breadth of factors facing the salmon farming sector.

Production of Scottish salmon

by quarter; tonnes wet weight



Source: Marine Scotland; Salmon Scotland

Production and returns

Wet weight estimated volumes of production in 2021 indicate that harvested (HOG) tonnage of around 188,000 tonnes was realised in 2021. This represented solid, albeit somewhat cyclical, growth from 2020 of 17 per cent. Growth is expected to be more conservative in 2022 although Marine Scotland estimates for 2022 will be reported later in the year.

Growth in Scottish productivity and volumes went some way to offset narrower margins where returns were dampened due to challenging market conditions for a large part of the year.

International pricing for Atlantic salmon ended 2021 showed some upward pressure and early reporting in 2022 had the price level approaching values recorded in 2020. While these indicators provide some upside partially due to a global tightness of supply, they are also a contribution from the well-documented reality of supply chain and input price inflation working its way through the system. Maintaining harvests during the run-up to the festive period was achieved through extensive work done by a committed workforce as labour supply remained tight within the processing sector.

Market opportunity

As more markets—domestically and internationally—become more accessible as, broadly speaking, COVID-19 restrictions ease, the demand and international pull for Scottish salmon continues to recover.

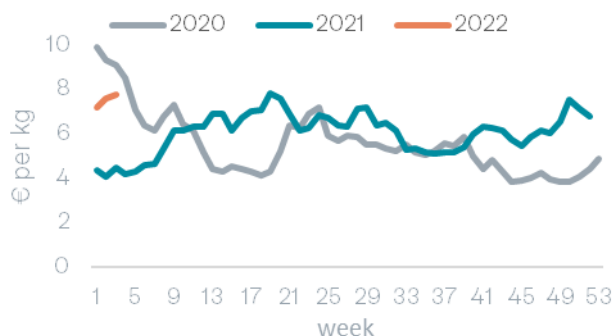
In 2021 volumes of exports were back to pre-pandemic levels and almost reaching record highs, some 4 per cent higher than in 2019 at almost 98,000 tonnes. However, export valuations were still lagging pre-pandemic rates though, one per cent lower than in 2019 at £614 million.

The European Union dominated the market for Scottish salmon exports in 2021, accounting for over two-thirds of all salmon exports. The expectation is that the range of global markets will increase their calls for Scottish salmon as hospitality and entertainment venues continue to re-open and increase demand.

Over the course of 2021, the Scottish salmon sector exported to over 50 countries globally, helping maintain its position as the number one fresh food export from the UK.

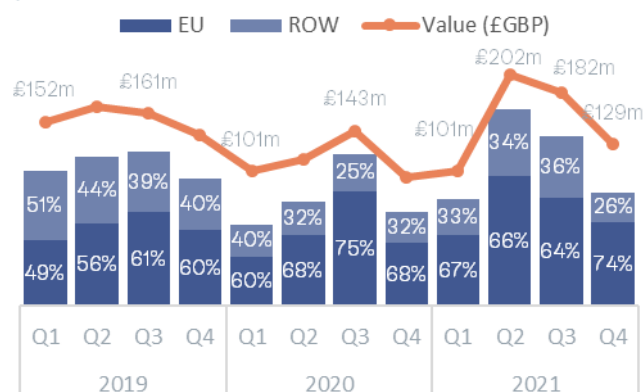
Atlantic salmon prices

NQSalmon; € per kg



Exports of Scottish salmon

by volume share and value £GBP



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Regional exports of Scottish salmon

by farming region;

2021: 97,800 tonnes

Shetland

Exports: 19,900t; £130m

Share: 20 per cent

North Coast & West Highlands

Exports: 25,700t; £160m

Share: 26 per cent

Orkney

Exports: 10,800t; £70m

Share: 11 per cent

Outer Hebrides

Exports: 18,800t; £120m

Share: 19 per cent

Argyll & Clyde

Exports: 22,500t; £140m

Share: 23 per cent

Totals may not sum due to rounding

Source: Salmon Scotland

Regional exports

Achieving a return of £614 million on exporting Scottish salmon comes back to the regions where production happens every day of the year to make sure the final product achieves the conditions to which consumers expect.

While HMRC export valuations are not the same as farmgate values, the importance of international markets to our producing regions highlights their integral part to the sector. They help provide continued investment across the farming community, help to pay the 3,600-strong Scottish supply chain and allow continued developments in new technology and techniques moving the sector forward. This is applicable at the local farm level as much as it is valid for competitiveness in the global market place for Atlantic salmon as consumers look for a healthy, sustainable source of protein.

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. This ranges from the new processes put in place to establish safer working environments to minimise any impact from COVID-19 to equally important investments in the latest workboats and hybrid feed barges which reduce emissions and pave the way for adoption of electric or other greenhouse –gas-reducing technologies in other sectors.

UK market demand

While export markets have started to recover, it is understood that the domestic market for salmon has been buoyed by consumers widening their at-home dining menu as out of home consumption was restricted.

According to NielsenIQ, during 2021 chilled fish at retail was valued at £2.6 billion with almost 200,000 tonnes of consumer sales. This represented a 4.2 per cent and 3.0 per cent increase in sales and volume respectively for chilled fish which bucked the overall fish market which declined slightly.

Accounting for over 42 per cent of chilled fish retail values, £1.1 billion worth of salmon was purchased in 2021, 4.9 per cent more than in 2020. Volume increased 7.8 per cent to over 63,300 tonnes, indicating that consumers were getting improved deals for their salmon over the year.

UK retail consumption

Top five fresh chilled fish at retail;



Source: NielsenIQ for Scotland Food and Drink UK

Investment in sustainability

Underpinning the economic performance across the sector remains the commitment to the Sustainability Charter which the sector signed up to in 2020 and provided a progress report on during COP last November.

Coupled with these sustainability objectives, the recommendations in the recently published “Review of the Aquaculture Regulatory Process in Scotland” by Professor Griggs should stand the sector in good stead to maintain its production of healthy, nutritious stock and continue to provide the basis for strong demand for Scottish salmon domestically and internationally in the short and long-term.



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**



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