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Market Update

Omega-3 Supply 2026: Why Diversification Matters Now

A supply chain under increasing pressure

The global omega-3 market is once again facing significant supply uncertainty.
The current challenges are not the result of one isolated event. Reduced catches, unusually low oil yields, quality and composition issues, temporary fishing suspensions and changing environmental conditions are converging across several of the world's important fish-oil producing regions.

Peru is particularly significant. Its anchovy fishery is the largest source of oil for the global omega-3 dietary supplement and pharmaceutical industries.
According to a recent **GOED* Industry Advisory – Today's Fish Oil Supply Situation: Lessons Learned from the 2023 Supply Chain Crisis**, Peru's first 2026 anchovy season encountered a high presence of juvenile fish and repeated temporary fishing bans. At the time of GOED's report, approximately 24% of the quota had been caught and oil yields were below 2%.

GOED reported that crude oil production from the season was unlikely to exceed approximately **25,000 tonnes, compared with 70,000–80,000 tonnes in an average season.**

The issue extends beyond Peru. GOED also reports lower-than-average catches in Chile, Northern Europe and China, trade disruption in Oman and challenges in Morocco, including lower EPA/DHA levels and regulatory changes affecting the raw material available for fish-oil production.
The result is increasing competition for available EPA and DHA.

We've been here before and there are lessons to learn

If we look back to 2023 and remember what constrained supply meant. When the first Peruvian anchovy season was cancelled in 2023, low inventories combined with reduced availability contributed to fish-oil prices increasing by more than 100%.

The effects travelled through the supply chain. Brands attempted to secure inventory, suppliers prioritised higher-value oils, and some manufacturers were forced to pass increased costs on to consumers.

GOED reports that these price increases contributed to declining consumption, with mass-market and private-label products particularly affected.

Now in 2026: this is another warning for the omega-3 market

Estimates presented by IFFO and referenced by GOED indicated that global fish-oil production in 2026 was expected to decline by **7.7% to approximately 1.27 million metric tonnes, this is its lowest level since 2017.**

More significantly for EPA and DHA manufacturers, production from pelagic and demersal fish, the species with higher EPA/DHA concentrations and the principal sources for omega-3 oils, was forecast to decline by 13.7%.
Environmental conditions remain an additional uncertainty. The potential for El Niño-related disruption reinforces just how exposed a supply chain based on wild-catch resources can be to factors outside the control of manufacturers.

This does not mean moving away from responsibly managed fisheries, but it does mean asking whether relying too heavily on one source of EPA and DHA remains a sufficiently resilient strategy.

The consumer cannot be forgotten
Raw-material inflation does not exist in isolation. Manufacturers across Europe and the UK are already operating in an environment where consumers remain highly conscious of household expenditure.

Eurostat's August 2026** flash estimate puts annual euro-area inflation at 3.3%, up from 2.9% in July. In the UK, the latest available ONS data show CPI inflation at 2.9% in July 2026, up from 2.6% in June.

Against that backdrop, significant volatility in a core ingredient such as fish oil creates difficult choices.
Manufacturers may absorb higher costs, reformulate, reduce margins or ultimately pass increases through to retailers and consumers. For established omega-3 brands, repeated price changes or product shortages create another risk: **consumer confidence.**

Consumers expect the products they trust to be available and affordable. Unpredictable shelf prices and out-of-stock products can disrupt purchasing habits and, over time, potentially weaken brand loyalty.
Supply resilience is therefore not simply a procurement issue. It has implications for commercial strategy, product development and ultimately the consumer relationship.

Diversification, not displacement
Perhaps the clearest conclusion from the GOED report is this:
Supply diversification is no longer optional.

However, diversification does not necessarily mean replacing fish oil.
Responsibly sourced fish oils will continue to play an important role in the global omega-3 market. But manufacturers now have an opportunity to consider a broader portfolio of EPA and DHA sources and reduce dependence on any single supply stream.

For existing formulations, alternative sources can potentially supplement traditional fish-derived EPA and DHA.
For new product development, manufacturers have an opportunity to consider diversified sourcing from the beginning rather than redesigning products in response to the next supply shock.

Where does algae-derived DHA fit?
Microalgae deserve serious consideration as part of this conversation. Algae-derived DHA oils and DHA-rich biomass powders provide manufacturers with an alternative source of DHA that is not dependent on wild fish catches.
Production in controlled fermentation or cultivation systems can offer a very different supply profile from marine fisheries: production is not directly dependent on fishing seasons, catch quotas or changes in wild fish populations. This matters from both a supply-chain and environmental perspective.

Increasing omega-3 production from algae can help meet growing demand without placing additional harvesting pressure on marine fish stocks. It also provides manufacturers across human nutrition, pet nutrition and animal feed with another route to securing DHA as part of a diversified omega-3 strategy. Algae is not the answer to every formulation challenge.

DHA-rich algae, for example, should not automatically be considered a like-for-like replacement for fish oils supplying both EPA and DHA. But as a complementary source of DHA, available in oil and biomass formats, it has the potential to play an increasingly important role in building a more abundant, sustainable and resilient omega-3 supply chain.

Future-proofing starts before the shortage
The experience of 2023 demonstrated how quickly supply disruption can translate into availability problems and significant price increases.

One of the more concerning observations in **GOED's 2026** report is that interest in developing relationships with suppliers of alternative sources increased sharply during the 2023 crisis, but subsequently waned as the market recovered. That is precisely the cycle manufacturers should be looking to break.

Diversification works best when it is undertaken strategically, not when businesses are competing for alternatives in the middle of a supply crisis. **Understanding alternative ingredients, evaluating specifications, undertaking formulation work, qualifying suppliers and establishing second-source strategies all take time.**

The time to future-proof an omega-3 portfolio is before supply becomes critical.
Our perspective

At Willows Ingredients, we do not pretend to know exactly how the fish-oil market will develop over the coming months. Environmental conditions can change. Fishing seasons can improve. Supply can recover. But the underlying lesson is difficult to ignore.

A resilient omega-3 industry needs responsible fisheries and alternative sources of EPA and DHA. It needs stronger relationships throughout the supply chain, better communication and manufacturers willing to consider diversification before disruption forces their hand.
GOED's advice is clear: **alternative sources, including microalgae, need to be part of the solution. We agree.**

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Our role at Willows Ingredients is to help our customers understand the options available to them. Whether you are reviewing an existing formulation, considering algae-derived DHA to supplement current fish-oil sourcing, or developing a new product with supply resilience in mind, our team is available to discuss the technical and commercial considerations.

No hard sell. Just a conversation about what the changing omega-3 market could mean for your business and the options available.

**Source: GOED Industry Advisory, "Today's Fish Oil Supply Situation: Lessons Learned from the 2023 Supply Chain Crisis", Ellen Schutt, Managing Director, GOED.*
***Additional inflation data: Eurostat, August 2026 flash estimate; UK Office for National Statistics, Consumer Price Inflation, July 2026.*

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