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Norway

Fishery Products

Annual

2004

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Report Highlights:

In 2003, the total value of Norwegian seafood exports for all species (US$ 3.7 billion) declined for a third year in a row. This was despite an increase in farmed salmon production to 507,000 MT and record volumes of salmon exports (415,000 MT). Denmark has overtaken Japan as the major destination for Norwegian seafood. The EU is the destination for 76 percent of Norwegian salmon exports.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Oslo [NO1]
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Executive Summary

According to the Norwegian Seafood Export Council, the value of Norway's 2003 seafood exports declined for the third year running at NOK 26.2 billion (US$ 3.7 billion). This reflects a drop of NOK 2.5 billion (US$ 350 million) or 8.5 percent from 2002.

About 43 percent of fish exports were salmon and trout, up 5 percent for the year. White fish accounted for 30 percent of exports and pelagic fish 17 percent. Japan is no longer the largest single country market for Norwegian seafood exports. In 2003, Denmark became the number one destination. Presently, seafood is Norway's second largest export item after oil and gas.

In 2003, Norway exported a record volume of salmon. Overall 2003 salmon exports reached 415,000 MT (product weight) for a value of NOK 10.1 billion (US$ 1.43 billion), reflecting a volume increase of 14.8 percent and a rise in total value of only 6 percent. Of this total, about 76.5 percent (317,000 MT) was fresh whole salmon. The EU market accounted for 76 percent of this trade. Exports to the United States amounted to 31,000 MT for a value of US$ 127 million.

Norway's total catch of wild fish in 2003 had a first hand value of about NOK 8.8 billion (US$ 1.25 billion), a 14 percent decline from 2002. In terms of volume, the catch totaled 2.55 MMT, which was down about 7 percent from 2002. The trend indicates a lower catch of pelagic fish, while the ground fish catch remained about the same as for the previous year. Several important fish stocks still require protection and strong regulatory measures to come within biologically safe limits. Catches of cod, haddock and saithe in 2003 totaled 488,000 MT, an increase of only 1 percent from the previous year, mainly due to an increased saithe catch.

After the first decline in 10 years in 2001, production of farmed salmon rebounded in 2002 with an 8 percent increase at 444,000 MT and another increase in 2003 to 507,000 tons. Production in 2004 is expected to be about the same as in the previous year. According to Norwegian sources, Norway accounts for about 45 percent of total world sales of Atlantic salmon.

Norwegian salmon production could easily be doubled if demand were larger. Norway implemented a feeding quota in 1996 in compliance with an agreement with the European Union to stabilize prices. The quota was an attempt to resolve a dispute with the EU over the large Norwegian salmon export volumes that had caused EU salmon prices to settle below the cost of production. The feeding quota was continued through both 2003 and 2004, but was abolished on January 1, 2005.

Norway's agreement with the EU regarding minimum export prices for Norwegian salmon destined for the EU was discontinued in June 2003. Safeguard measures limiting Norwegian salmon exports to the EU were abolished on December 6, 2004. At this time, there are no quotas in place limiting Norwegian salmon exports to the European Union. However, the EU Salmon Producers Group has announced their intention to initiate an anti-dumping investigation against Norwegian exporters.

Production

Catch and Resources

Norway's total fish catch declined from 2002 to 2003, reaching its lowest level of the past decade. Total catch reached 2.550 MMT in 2003 with a value of NOK 8.8 billion (US$ 1.25 billion) paid to fishermen. This is 14 percent less than in 2002. The largest catch reduction was for " industrial" fish, while catch of the main species (cod, haddock and saithe), totaled 488,000 MT in 2003, an increase of 1 percent over the previous year.

The disposition of landings has changed little from 2002. In 2003, about 36 percent went to the frozen fish market and 44 percent for meal and oil, while only 11 percent was sold as fresh fish. Seven years ago, only 21 percent of the catch went to the frozen market while 29 percent was sold as fresh fish.

According to the Norwegian Institute of Marine Research, several important fish stocks still need protection and strong regulatory measures in the Northeast Atlantic to come within biologically safe limits. Ground fish stocks, in general, still require protection. This is specially the case in the North Sea where stocks are at historically low levels. An increase in the spawning stock biomass (SSB) of Northeast Arctic cod has been observed and is estimated at 1.8 million tons. The SSB for haddock and saithe is within safe biological limits and is expected to increase further due to good recruitment.

Total Catch

Total catch and disposition of landings, round weight:

	Quantities in tons			
	2001	2002	2003	est.2004
Total catch	2 646 000	2 731 000	2 550 000	2 430 000
Main disposition:				
Fresh	182 000	213 000	260 000	200 000
Mince fish, roe and frozen	1 182 000	1 046 000	920 000	1 000 000
Dried	25 000	32 000	32 000	25 000
Salted	211 000	238 000	194 000	200 000
Semi canning	3 000	4 000	6 000	4 000
Meal oil animal feed	1 127 000	1 197 000	1 133 000	1 000 000
Bait and other	1 000	0	5 000	1 000

Source: Directorate of Fisheries

Main Ground Fish Reported

Total catch of the main ground fish reported:

Metric tons round weight

	2000	2001	2002	2003	est.2004
Cod	220 000	207 000	227 000	217 000	225 000
Haddock	45 900	52 000	54 000	59 000	59 000
Saithe	169 300	168 000	201 000	212 000	212 000
Total	435 200	427 000	482 000	488 000	496 000

Cod Resources and Quotas

For 2003, the International Council for Exploration of the Sea (ICES) recommended an overall Northeast Arctic cod quota of no more than 305,000 MT. However, the Russian/Norwegian Fishing Commission continued to ignore ICES recommendations and set the quota at 395,000 MT, in addition to 40,000 MT of coastal Norwegian cod. In the Russia/Norway negotiations, third countries were given a quota of 55,900 MT, of which 15,800 MT was to be caught around Svalbard. Norway's quota stands at 195,550 MT with Russia's at 183,550 MT.

The total 2003 cod catch is reported to have been approximately 414,000 MT, including Norwegian coastal cod. The Norwegian catch, including costal cod, was reported at 217,000 MT, which was 10,000 tons less than in 2002. According to the Norwegian Marine Research Institute, the North-East Arctic cod stock was estimated to be around 1.8 MMT in 2003, compared with 1.3 MMT in 2002. The spawning stock biomass was estimated at 650,000 MT for the year 2004, and is expected to increase further in 2005. The Russian/Norwegian Fishing Commission set the 2004 quotas at 486,000 tons, in addition to 20,000 of coastal Norwegian cod. Norway was given a quota of 224,600 tons for 2004.

Haddock Resources and Quotas

For the year 2003, the Russian/Norwegian Fishing Commission agreed on haddock quota levels of 101,000 tons.

According to official statistics, the total haddock catch under the agreement amounted to 120,000 MT in 2003. The Norwegian catch of haddock in 2003 amounted to 59,000 MT, which was within the country's limit. Strong immature cod populations spawned in1999 and 2000 seem to dominate the stock. For 2004, the total haddock quota set by the Russian/Norwegian Fishing Commission will be increased to 130,000 tons

Saithe Catches and Resources

The Norwegian saithe catch is divided between the North Arctic stock and the North Sea stock. According to the Norwegian Marine Research Institute, the stock of North Arctic saithe has registered an increase. The ICES recommended a total 2003 quota of 164,000 MT for North Arctic saithe, which was acceptable to the Norwegian Ministry of Fisheries. In addition, according to the Norwegian/EU agreement, Norway's total quota of North Sea and Skagerak saithe for 2003 was 85,800 MT. For 2004, a quota of 98,000 MT was allocated to Norway. This entire quota can be fished in the EU zone. The total 2003 Norwegian saithe catch of saithe reached 212,000 MT.

Structure of Norwegian Seafood Industry

Currently, Norway has a fishing fleet of about 9,934 vessels employing 17,259 fishermen. About 77 percent of all fishermen report fishing to be their main occupation. The fishing industry has 581 processing plants, which employ about 13,500 workers. Fish farming licenses totaled approximately 2,575 and this industry accounts for about 4,500 employees.

Salmon Production

Total Norwegian production of salmon increased both in 2002 and again in 2003, after suffering its first decline in 10 years during 2001. The 2003 increase was 14 percent over 2002 production levels, and Norway for the first time passed the figure of half a million tons of slaughtered salmon. Salmon is still the most important farmed "animal" in Norway. However, production of Norwegian rainbow trout might have an affect on the overall market. In 2003, production of salmon amounted to 507,000 MT round weight, and the p roduction of trout was 75,000 MT, about the same as in 2002. The production of salmon per man-year in Norway has increased from 58 MT in 1990 to 351 MT in 2002. While the Directorate of Fisheries reported a record profit of NOK 4 billion (US$ 444 million) in 2000, profit for 2001 was calculated at NOK 99 million (US$ 11 million). The industry recorded a loss of NOK 1.4 billion in 2002. This precipitous decline in profitability was attributed to a crash in world market prices for salmon. Profitability in 2003 was also negative at a loss of NOK 1.3 billion. Lower production costs in 2003 were responsible for the slightly better results as compared with 2002.

A government regulation imposed in 2000 which limits the amount of allowable feed for farm-raised fish has helped regulate production. This correlated to reduced production in 2001. Feed use increased by 5 percent from 2002 to 2003. The total sale of feed to fish farmers producing both salmon and trout was reportedly 768,000 MT in 2003, which resulted in higher 2003 production.

Smolt utilization is another important factor for Norwegian fish farming. In 1993, 63 million smolt were used by the industry; the number increased to 133 million in 2001 and reached 137 million in 2002. Smolt stocks are not anticipated to increase during the next two years. In August 2003, the Ministry of Fisheries decided that the feed quotas for salmon would be abolished beginning on January 1, 2005. After that date, fish farmers will be able to feed their fish a s they like. Some concern has been expressed about this leading to a further rapid depression in salmon prices as over-production becomes more likely.

The 2003 Norwegian production level of 507,000 MT of Atlantic salmon represented an increase in Norway’s world production share to 45 percent. It is unlikely that Norway will recapture the 50-55 percent market share enjoyed during the 1990's.

The approximately 863 Norwegian salmon fish farm concessions in operation in 2003 provided employment amounting to about 2,225 man-years.

Norwegian Salmon production and disposals in 1,000 MT

	2000	2001	2002	2003	est.2004
Total production (round weight)	437	411	444	507	510
Total export (product weight)	344	337	361	415	418
Total consumption (product weight)	14	15	15	15	15

Production Costs and Sales Price

The table below provides an overview of production costs in the fish farming industry for the last four years compared with round weight export prices obtained by Norway for fresh salmon. This data was sourced from the Directorate of Fisheries. It is important to note that freight and interest on capital are not included. However, for 2001 through 2003, slaughtering costs are included. Production costs dropped in 2003, mainly attributable to a healthy fish population and a decline in the feed factor from 1.39 in 2002 to 1.36 in 2003.

Salmon, fresh production cost per kilo and avg. export price in NOK per kilo

Salmon, fresh – production costs per kilo and avg. export price

	1999	**2000**	**2001**	**2002**	**2003**
Smolt cost	2,44	2,37	2,16	1,97	1,89
Feed cost	8,48	7,99	7,92	8,98	9,00
Insurance	0,27	0,25	0,36	0,29	0,27
Wages	1,49	1,54	1,42	1,31	1,26
Other operating costs	2,61	3,05	2,69	2,69	2,34
Net interest costs	0,81	0,46	0,43	0,82	1,15
Production cost	16,10	15,66	14,98	16,06	15,91
Slaughtering cost			2,46	2,49	2,49
Average export price	27,95	30,65	22,08	23,34	21,02

In 2001, the cost of production was the lowest ever. In 2002 production costs per kilo of fish increased about 7 percent. The lowest average production cost per kilo is realized in the middle of Norway, while the highest cost is in the northern counties. The disparity between farms is large, as production costs could be as low as NOK 11 per kilo for some and as high as NOK 30 per kilo for others. According to data from the Directorate of Fisheries, smolt costs in 2002 continued to drop while feed costs increased considerably that year (12.5 percent). The same trend continued to a lesser degree in 2003.

Consumption

The Norwegian Seafood Export Council, which is responsible for the generic marketing of Norwegian fish and seafood products, began research on Norwegian consumption of fish in 1994. In 1995, private consumption was about 58,500 MT. Currently, it is about 85,000 MT including 10,000 MT of private catch. This figure, however, does not include consumption within the hotel, restaurant and institutional (HRI) sector, which is estimated at 25,000 metric tons per year. In total, the average annual per capita consumption of fish in Norway was about 23 kilos. Of this amount, approximately 17.5 kilos per capita of consumed fish was purchased from commercial outlets.

Consumption of seafood is reportedly increasing in urban areas. Grocery retail chains and specialty stores account for 75 percent of total fish sales in Norway. The trend is toward an even higher market share in the future as larger grocery retailers expand the availability of fresh fish to attract health-conscious consumers. Hotels and restaurants account for the remaining 25 percent market share.

In 2003, the Norwegian Seafood Export Council spent about NOK 15 million (US$ 2.1 million) out of a total marketing budget of NOK 203 million (US$ 28.6 million) in an effort to promote fish within the domestic market. Funded activities include distributing brochures, participating in small fairs and festivals, and supporting TV commercials. Several fish promotion programs were launched targeting the younger generation by supporting the utilization of seafood in school meals and cooking lessons.

Trade

Trade General

Total Norwegian fish exports in 2003 amounted to more than NOK 26.2 billion (US$ 3.7 billion), down NOK 2.5 billion (US$ 350 million) from 2002 or 8.5 percent. Of this amount, farmed salmon accounted for NOK 10.1 billion (US$ 1.43 billion), up 6.3 percent from 2002. Pelagic fish accounted for exports of NOK 4.6 billion (US$ 650 million), and exports of white fish (except klip fish, salted fish and dried fish) totaled NOK 3.7 billion (US$ 523 million). Total export volume of seafood from Norway in 2003 amounted to 2.15 MMT, which was about the same as in 2002.

The Norwegian Seafood Export Council, established in 1991 by the Ministry of Fisheries, is located in Tromsø. Its board consists of seven members representing exporters, producers, fish farmers and the Ministry of Fisheries. The main marketing strategy of the Norwegian Seafood Export Council is generic promotion of fish products both domestically and internationally. It also has the authority to approve Norwegian exporters and assure that they follow prescribed rules and regulations. In 2003, there were 557 approved Norwegian exporters supplying 2,000 products to more than 145 countries. It is important to note that the Norwegian Seafood Export Council is involved only in generic promotion. Exporters are informed in advance about dates and countries in which an activity is planned and can take advantage of these promotions in marketing their brands. The Norwegian Seafood Export Council is also an advisory agency for the Ministry of Fisheries on questions related to seafood exports.

The Council's original marketing budget for 2003 was about the same as in 2002. However, it is still 42 percent lower than it's largest-ever budget in 2001. The total 2003 marketing budget was NOK 203 million (US$ 28.7 million). Of this amount, NOK 15 million (US$ 2.1 million) was designated for use in the domestic market with the balance applied to export promotion. The drastic budget cut in 2002 and 2003 was the result of a reduction in export fees for salmon exports to the EU. The fee was discontinued in May 2003.

Fish Trade

FISHING TRADE (US$ million):	2000	2001	2002	2003
Total Imports (CIF)	434	475	436	331
Total Exports (FOB)	3,454	3,292	3,426	3,706
Trade Balance	3,020	2,817	2,990	3,375
Total Imports from U.S.	28.8	38.6	28.6	24.2
Total Exports to U.S.	146.5	117.1	151.9	127.5
Trade Balance w/U.S.	117.7	78.5	123.3	103.3
Pct. Imports from U.S.	6.6%	8.1%	6.6%	6.5%
Pct Exports to U.S.	4.2%	3.6%	4.4%	3.6%

Source: Central Bureau of Statistic

The EU is by far the most important market for Norwegian fish exporters. In 2003, the EU accounted for 56.4 percent of total export value, which is 2.5 percent higher than in 2002. Among the single country markets in the world, Denmark (11.7%), Japan (9.55), France (8.7%), Russia (7.3%) and the United Kingdom (5.7%) were the most important destinations for Norwegian seafood. The value of total exports to the EU-15 was NOK 14.8 billion (US$ 2.09 billion), about 4 percent less than in 2002.

Salmon and cod are the most imp ortant species exported from Norway to world markets, accounting for 55.3 percent of total 2003 export value. Norwegian salmon alone represented 38 percent of total export value and was shipped to more than 50 countries.

Norway's total exports of fish in tons and U.S $ in product weight

Export:	Metric tons 2002	Metric tons 2003	Value US$ MILL 2002	Value US$ MILL 2003
Total	2 109 323	2 154 815	3 586	3 706
Main destinations:				
Total EU 15	973 859	1 053 777	1 934	2 089
Main Countries:				
Japan	251 620	175 170	459	353
Denmark	380 732	490 302	368	433
France	89 679	91 979	272	324
Germany	72 975	71 737	174	198
Great B.	128 637	97 181	252	212
Sweden	59 799	55 369	188	193
Portugal	50 353	40 268	217	198
Russia	236 589	279 431	225	271
Italy	26 678	25 706	140	153
USA	48 558	35 718	162	139

Rate 1 US$= NOK8.00 in 2002, NOK 7.08 in 2003

Total Exports by Species

	Metric tons		Value US$ MILL	
	2002	2003	2002	2003
Total	2 109 323	2 154 815	3 586	3 706
Salmon	361 046	415 353	1 193	1 422
Trout	62 016	53 475	170	179
Cod	139 540	124 858	648	629
Saithe	80 266	95 096	164	170
Haddock	35 306	36 624	96	78
Herring	470 776	477 437	347	314
Mackerel	295 777	253 109	335	291
Prawn	31 865	31 260	121	126
Other	632 731	667 603	512	497

Trade Trends for White Fish

The overall export of white fish was valued at NOK 8 billion (US$ 1.1 billion) in 2003, about 30 percent of total seafood exports from Norway. Forty-seven percent of exports were conventional products while 53 percent were fresh and frozen. According to the Norwegian Seafood Export Council, exports of fresh and frozen white fish amounted to NOK 4.3 billion (US$ 607 million) in 2003. Cod and haddock exports declined in value in 2003 while the value of other species, including monkfish, plaice, halibut, lumpfish and turbot, rose. The main markets for Norwegian white fish are the UK, Denmark, France, the United States and Sweden. The marketing of Norwegian white fish is concentrated around cod, saithe and haddock, which comprise more than 90 percent of the country's white fish exports.

Cod Products

The total export value of cod products from Norway in 2003 was NOK 4.5 billion (US$ 629 billion), which is a 13 percent decrease from last year. Cod products accounted for about 17 percent of total Norwegian fish exports, a drop of 1 percent from 2002.

Export of main cod products

Export of main Cod products from Norway 2001-2003

	Metric tons			Value US$ 1000		
	2001	2002	2003	2001	2002	2003
Fresh	17 569	18 137	22 852	49 315	49 170	69 110
Round frozen	13 903	27 495	17 890	32 100	61 129	41 153
Frozen filet/block	30 624	27 959	23 490	149 119	149 467	131 356
Salted	27 682	24 582	20 333	116 910	103 077	91 947
Stockfish	32 481	33 258	32 228	207 048	200 882	201 835
Dried fish	3 630	3 407	3 458	56 656	52 158	59 622
Others		4 702	4 607		31 664	33 977
Sum product weight	125 889	139 540	124 858	611 148	647 547	629 000

Rate of exchange 1US$= 2001= nok9.00, 2002=nok8.00. 2003=NOK7.08

The export volume of Norwegian cod in 2003 dropped for the second time in seven years, with most of the decline from frozen cod. Of the different products exported, frozen filets and stockfish contributed the most to the value of exports, but fresh fish is also doing well.

Haddock Products

There has been little change in Norway's total exports of haddock, which in 2003 amounted to 36,600 MT. Almost all fresh haddock was exported to the EU, where Denmark and the United Kingdom were the largest buyers. The United States is Norway's second largest customer for frozen haddock and haddock filets after the UK. In 2003, the U.S. imported about 4,250 MT of frozen haddock from Norway, reflecting a drop of 1,200 MT from 2002.

Norwegian exports of haddock products 2001-2003

Export of main haddock products from Norway 2001-2003

	Metric tons			Value US$ 1000		
	2001	2002	2003	2001	2002	2003
Fresh	12 918	11 381	13 437	29 352	22 324	21 993
Round frozen	12 755	16 223	15 746	26 006	35 283	25 746
Frozen filet/block	7 462	6 659	6 676	34 166	34 194	26 740
Others		1 042	765		4 521	3 521
Sum product weight	33 135	35 305	36 624	89 524	96 322	78 000

Rate of exchange 1US$=2001=nok 9.00.2002=nok8.00, 2003=nok7.08

Saithe Products

In 2003, saithe exports increased both in total volume and value. Denmark is the largest importer of fresh saithe, while Germany is the largest consumer of frozen saithe. The main markets for stockfish exports are Portugal and Brazil. However, for both these markets the export of stockfish has been reduced. Brazil, in particular, is shifting its stockfish demand from cod to saithe, which is a cheaper alternative.

Norwegian Exports of Saithe 2001-2003

Export of main Saithe products from Norway 2001-2003

	Metric tons			Value US$ 1000		
	2001	2002	2003	2001	2002	2003
Fresh	20 713	14 434	21 641	21 472	12 246	16 210
Frozen filet	15 382	13 061	16 369	36 288	33 503	41 164
Klipfish	29 525	30 258	27 851	73 517	83 104	72 581
Other	17 707	22 513	29 235	13 750	34 968	40 045
Sum product weight	83 327	80 266	95 096	145 027	163 821	170 000

rate of exchange 1US$= 2001=9.00. 2002=nok8.00, 2003=NOK7.08

Trade Trends for Salmon

The total quantity of Atlantic salmon sold on the world market in 2003 is estimated at about 1,135,000 tons, an incre ase of 66,000 tons from 2002. Norway's market share in 2003 was 45 percent.

Norway's total salmon exports in 2003 amounted to 415,000 MT in product weight with a value of NOK 10.1 billion (US$ 1.43 billion), compared with 361,000 MT valued at NOK 9.5 billion (US$ 1.18 billion) in 2002. The 2003 export volume was the highest ever for salmon from Norway, with an increase in export volume of 14.8 percent over 2002. The increase in volume took place in both the EU and Eastern Europe, while exports to Japan dropped considerably as Japan shifted in increased imports of Chilean frozen trout. In value, Norwegian exports increased 5.5 percent over 2002. Of the total salmon export volume, 81.5 percent was fresh salmon (filet or whole), 17 percent was frozen salmon and only about 1 percent was smoked salmon. The United States was Norway's largest importer of smoked salmon in 2003, although the amount was only about 1,373 MT.

In 2003, the volume of Norwegian exports to the EU increased slightly from 2002. Sixty-three percent of Norway's total 2003 salmon exports were destined for the EU market. Denmark, France and Germany are by far the most important importers within Europe. Denmark serves as a processor, rather than consumer, of Norwegian salmon. Aside from the EU, Japan is the largest market for Norwegian salmon.

Norwegian salmon fresh whole

Norwegian salmon, fresh (whole or eviscerated) export

	1999	2000	2001	2002	2003
		Metric tons, product weight			
EU-15				209088	240712
Main impoters:					
Germany	19 438	18 102	18 679	19 691	21 776
Denmark	59 147	73 823	60 055	60 663	69 224
Spain	17 854	15 099	14 751	18 093	22 005
France	47 780	47 318	45 527	49 360	53 917
Japan	21 660	25 031	26 734	23 801	21 162
Italy	9 495	9 723	10 038	9 786	11 474
United Kingdom	14 435	11 186	9 793	11 157	12 192
Sweden	13 315	13 776	13 944	12 725	13 505
Belgium	6 290	6 321	5 159	4 559	4 655
United States	711	704	826	1 300	2 746
Other	42 448	45 168	55 022	64 917	84 458
Total	252 573	266 251	260 528	276 052	317 114

Norwegian salmon, bred frozen whole, export

Metric tons, product weight

	1999	2000	2001	2002	2003
Japan	6 612	4 508	1 461	3 379	2 301
Russia	3 958	5 051	10 052	14 220	14 915
Denmark	329	581	344	315	710
France	859	652	454	412	588
United states	2 572	3 027	2 297	2 756	3 526
Other	15 335	14 760	16 456	18 449	24 925
Total	29 665	28 579	31 064	39 531	46 965

Norwegian salmon filet export (fresh and frozen)

Metric tons, product weight

	1999	2000	2001	2002	2003
Germany	5 629	5 589	4 978	6 812	7 837
Japan	5 735	5 897	7 208	6 939	5 546
France	5 183	5 200	4 789	6 010	8 310
Denmark	3 018	2 001	2 224	1 663	2 673
United States	7 042	5 242	3 683	4 523	4 378
Other	9 825	10 075	10 811	14 063	16 926
Total	36 432	34 004	33 693	40 010	45 670

EU-Norway Salmon Agreement Expired in 2003

On June 1, 1997, the European Commission approved a five-year salmon agreement between Norway and the EU. By agreeing to impose minimum prices and restrictions on fresh salmon exports to the EU, Norway succeeded in avoiding a ntidumping duties called for by the Commission based on complaints from Scotland.

The main elements of this agreement were:

Export duty: The export duty on Norwegian salmon was increased from 0.75 percent to 3 percent. The export duty was collected by the Norwegian government and used for generic promotion.

Export quantity ceilings: Ceilings were established for Norwegian exports with an 11 percent maximum increase in 1997 and maximum increases of 10 percent yearly from 1998 to 2002. If exporters increase their sales to the EU by more than 10 percent yearly, a 6 percent duty will be charged.

Export price: The minimum export price for fresh salmon was set at an average of 3.25 ECU/kg per quarter. A floor export price of 2.86 ECU/kg was also negotiated to be applied under special circumstances.

In the years 1997 to 2000, Norwegian exporters benefited greatly from the EU salmon agreement, resulting in the highest profit ever for Norwegian salmon farmers in 2000. However, when competition grew and the world market price fell below the minimum price, Norwegian exporters had problems competing. Several Norwegian exporters were convicted of cheating on pricing and were assessed penalties of 12-15 percent on their salmon exports to the EU. Norway held discussions with the EU regarding the minimum pricing agreement, which was extended further to May 2003. The EU ultimately decided not to renew the agreement with a consequent fall in prices that has negatively impacted Norwegian fish farmers. Salmon price s in the EU market are below NOK 20 (US$ 2.50) per kilo, which is lower than the cost of production.

The EU-Norway Salmon Agreement ended on May 31, 2003. By July 2003, salmon prices had plummeted to NOK 17.32 per kilo for fresh whole salmon. This prompted a new round of discussions between the EU and Norway that culminated in August 2004 with the EU Commission introducing a safeguard measure for the import of Norwegian salmon. The safeguard was implemented on August 15, 2004 and allowed Norway to export 163,997 MT of fresh and frozen whole salmon and fresh and frozen filets. Exports over that amount were levied a duty of 17.8 percent per kilo. Denmark, the largest importer of Norwegian salmon, initiated a protest at the European Commission over the sa feguard measure. A lack of response to the protest resulted in the safeguard measure being abolished on December 6, 2004. At this time, there are no quotas in place limiting Norwegian salmon exports to the European Union.

A further complication in the EU-Norway salmon trade relationship, pitting EU salmon producers against EU salmon processors, is the announced intention of the EU Salmon Producers Group to file an anti-dumping suit against Norway.

Factors Affecting U.S. Trade

In 2003, Norwegian fish exports to the United States declined over the previous year both in terms of volume and value. This was especially true for exports of cod and haddock filets. Exports of salmon filets to the United States, including fresh, frozen and smoked salmon, have increased by 14 percent. In terms of price, Norwegian salmon cannot compete within the U.S. market with salmon from Chile and Canada. However, Norway has managed to secure a niche market for some of its products. Norwegian exporters are adjusting to U.S. consumer preferences by supplying the market with fish in a filleted and ready-to-eat form. In 2003, the United States was ranked as the tenth-largest market for Norwegian seafood, down one rung from the previous year. While the U.S. market accounted for less than 4 percent of Norway's total exports, it is viewed as having the greatest potential.

In 2003, the Norwegian Seafood Export Council closed their Boston office. However, the Council still spent about US$ 540,000 for marketing activities that year to promote Norwegian seafood in the United States. Export promotion activities are mainly targeted to the hotel, restaurant and institutional market rather than U.S. households. In 2004, PBS stations in the United States aired several programs promoting Norwegian seafood through the New Scandinavian Cooking food show.

Norwegian Exports of Main Fish Product to the U.S.

Norwegian Exports of Main Fish Products to the U.S.

Products	Metric tons			Value US$ 1000		
	2001	2002	2003	2001	2002	2003
Frozen filet of cod	4 074	4 703	2 971	19 230	29 091	18 414
Frozen haddock	2 953	4 434	2 876	7 778	11 156	6 318
Frozen filet of haddock	1 886	1 987	1 378	9 687	10 957	7 076
Canned sardine	790	877	636	7 364	8 303	5 947
Frozen salmon	2 660	2 558	3 526	9 286	8 553	13 546
Frozen filet of salmon	1 594	1 738	2 065	12 592	11 674	14 912
Fresh salmon	828	1 201	2 776	2 726	4 133	7 492
Fresh filet of salmon	2 089	2 770	2 313	10 834	13 003	12 362
Frozen mackerel	3 134	4 377	2 621	3 706	5 609	3 740
Smoked salmon	1 197	1 197	1 373	10 301	15 898	15 074
Unaccounted others	7 171	22 694	8 349	30 611	43 246	22 965
GRAND TOTAL	28 376	48 536	30 884	124 115	161 623	127 846

Norwegian Import Market for Seafood

Norway's imports of fish and seafood amount to about US$ 270 million per year. The majority of imports are for use by the fish farming industry or the processing industry for export products. There is, nevertheless, a market for "specialty products" like scallops, mussels, oysters, live and frozen squid, which is intended for the retail and hotel, restaurant and institutional (HRI) trade. Norway's imports of prepared fish, tuna, caviar, herring, sardines, anchovies and salmon amount to about 10,000 tons annually for a value of about US$ 40 million a year.

At present, 75 percent of consumer seafood products are distributed through retail outlets and specialty stores, while the remainder goes to the HRI market. Retailers, specialty stores and the HRI market are supplied through both direct distribution (52 percent) and wholesalers (48 percent).

Norwegian Imports of Main Fish Products from the U.S.

Norwegian Imports of Main Fish Products from U.S.

	2001	2002	2003	2001	2002	2003
Peeled frozen shrimp	96	365	8	241	616	37
Frozen cod	11 178	8 297	7 539	34 107	22 695	18 397
Unaccounted other	2 327	1 398	1 210	2 520	3 642	3 547
GRAND TOTAL	13 601	10 060	8 757	36 868	26 953	21 981

Rate of exchange U.S.$= nok9.00= 2001, nok8.00=2002, nok7.08=2003