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Fishery Products

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Report Highlights:

Norway's exports of salmon are continuing to reach record levels. The implementation of the EU's minimum import prices (MIP) for Norwegian salmon on July 1, 2005 has not affected exports to the EU as market prices exceed the MIP.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

Seafood is Norway's third largest export item, with oil and gas in first place followed by metal. The fish industry has long been an important pillar of Norway's economy. In 2004, the value of Norwegian seafood exports amounted to NOK 28.2 billion (US\$ 4.2 billion), an increase of 7.6 percent from 2003. Salmon and trout exports increased by 9 percent and accounted for almost half of total exports (44 percent). For the past two years, Norwegian seafood exports have been helped by the weak Norwegian krona (NOK). Despite the fact that the NOK is now strengthening, growth in exports is continuing thanks to increased demand for salmon amongst important export markets. Denmark is the number one destination for Norwegian seafood exports, followed by Japan. Eastern European markets are growing in importance.

In 2004, Norway exported a record volume of salmon. Overall 2004 salmon exports reached 441,261 MT (product weight) valued at NOK 11.1 billion (US\$ 1.6 billion). Whole salmon accounted for about 88 percent (388,872 MT) of total salmon exports, of which more than 75 percent went to EU countries. Exports to the United States amounted to 3,782 MT valued at NOK 97 million (USD 14 million).

Norway's total catch of wild fish in 2004 amounted to 2.5 million MT valued at NOK 10.3 billion (USD 1.5 billion), down 1 percent from 2003. The groundfish catch amounted to 299,277 MT, up 6 percent from 2003. Despite the higher catch, exports of whole groundfish decreased by 6 percent in 2004 to 66,894 MT.

After months of dispute between the EU and Norway regarding measures to limit Norwegian low-priced salmon exports to the EU market, the two parties reached an agreement last summer. On July 1, 2005, the EU replaced the provisional import tariff that had been in place since April 27, 2005 by a minimum import price (MIP).

Rates of exchange used in this report:

CY 2003: USD 1 equals NOK 6.74

CY 2004: USD 1 equals NOK 7.08

PRODUCTION

Policy

According to the Norwegian Fish Farming Act, an official license is required to participate in aquaculture in Norway. The holder of the license is subject to a set of rights and obligations, including the right to produce specific species, in a specific quantity, at specific sites. On January 1, 2006, a new Aquaculture Act will replace the Fish Farming Act that was adopted nearly 20 years ago. The purpose of the new act is "to promote the profitability and competitiveness of the aquaculture industry within the framework of a sustainable development and contribute to the creation of value on the coast." Simplification of the application process establishing aquaculture enterprises is also laid down in the Act.

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 2004, over 550 marketing activities were

conducted in 22 markets. The marketing budget for 2004 amounted to NOK 150 million (US\$ 21 million), 38 percent less than in 2003. Of this amount, NOK 8.4 million (US\$ 1.2 million) was designated for domestic marketing. The lower budget is a result of the discontinuation of the export fee for salmon exports to the EU in May 2003.

The Norwegian Seafood Export Council is involved only in generic promotion. Its operations are financed by the fish industry. Exporters are informed in advance about dates and countries in which an activity is planned so that they 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.

After months of dispute between the EU and Norway regarding measures to limit low-priced Norwegian salmon exports to the EU market, the two parties reached an agreement last summer. On July 1, 2005, the EU replaced the provisional import tariff that had been in place since April 27, 2005 with a minimum import price (MIP).

Salmon Production

Salmon is the most important farmed "animal" in Norway. Total production of salmon has been steadily increasing for the past 10 years (with the exception of 2001) and Norway is now the largest producer of farmed salmon in the world, accounting for about 45 percent of world production. In 2004, production reached a record level of 537,000 MT (round weight). In the coming years, however, production is expected to stabilize as Norway is facing increased competition from Chile in world markets.

In 1996, Norway established a feed quota for salmon that limited the maximum yearly feed usage by volume of licensed sites. The goal was to control salmon production and thereby avoid the oversupply of foreign markets, in particular the EU. 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 antidumping duties called for by the Commission based on complaints from Scotland.

As of January 1, 2005, the Norwegian Ministry of Fisheries and Coastal Affairs abolished the feed quota. Concerns had been raised that elimination of the quota would result in a rapid price decline due to over-production. On the contrary, strong demand in Norway's most important export markets (France, Denmark, Russia and the UK), has led to even higher prices so far this year.

Wild Fish/ Groundfish Production

Norway's total fish catch declined by 1 percent to 2,670 million MT in 2004, from the lowest level of the past decade in 2003. The value of total catch increased, however, and amounted to NOK 10.4 billion (USD 1.5 billion). The catch of pelagic fish and shellfish decreased while other fish species increased. The groundfish catch increased by 6 percent in 2004 compared to 2003 and amounted to 299,277 MT, valued at NOK 3.2 billion (USD 0.5 billion). For 2005, total catch is expected to remain stable due to only small changes in catch quotas.

The fishing of Norwegian groundfish is regulated bilaterally within the Joint Russian-Norwegian Fisheries Commission. Regulations include the setting of total allowable catches (TACs) and national quotas for Russia and Norway. When setting these quotas for cod, the Commission has repeatedly set higher quotas than those recommended by the International

Council for Exploration of the Seas (ICES). The Norwegian quota for 2004 was set at 224,600 MT, compared with 195,435 MT for 2003. For 2005, the quota is set at 218,700 MT.

Cod accounts for the major share of Norwegian groundfish catch. In 2004, the cod catch amounted to 231,076 MT, an increase from 217,349 MT in 2003. In 2005, cod catch is expected to decrease somewhat as a result of a lower TAC. For the first eight months of 2005, the cod catch has declined by 1 percent.

The possibility of farming cod has longed been discussed in Norway. The first serious attempts to farm cod in 1975 proved to be unprofitable. Thanks to rising market prices for cod in recent years, the economics of cod farming has become much more favorable. Norwegian production of farmed cod is small but increasing rapidly. In 2004, production amounted to about 3,200 MT and is expected to increase further in 2005 and 2006. The industry hopes to supply export markets with fresh cod year-round. Reduced supply of wild cod is also an important factor in promoting increased production.

While Norway exceeds its national quota for cod, the haddock catch is traditionally within quota. The 2004 Norwegian quota for haddock was 86,891 MT; the quota for 2005 is set at 80,148 MT. Actual haddock catch in 2004 rose to 64,621 MT, from 59,329 MT in 2003. The Norwegian pollock catch totaled 3,580 MT in 2004, a 20 percent decline from 2003.

Over the past decade, the disposition of catch has changed. The volume of fish sold frozen is increasing while less seafood is sold fresh. In 2004, about 35 percent of total catch went to the frozen fish market, 10 percent to the fresh fish market, 40 percent was utilized for meal and oil production and the remainder for other use. Eight years ago, only 21 percent of total catch went to the frozen market while 29 percent was sold as fresh fish. It should be noted, however, that this trend seems to be changing with rising interest in fresh fish, especially fresh filets.

The Fishing Industry

Currently, Norway has a fishing fleet of about 8,184 vessels. The industry employs 15,586 fishermen, with 80 percent of them claiming fishing as their main occupation. In comparison, within the aquaculture industry approximately 2,950 fish farming licenses were issued in 2004, employing about 4,400 workers.

The fish processing industry consists of small and medium sized companies situated along the Norwegian coast. There are about 693 processing plants employing approximately 13,500 workers. Norway's high labor costs coupled with reduced access to the EU market for Norwegian salmon has resulted in increased concentration of ownership interests and relocation of processing facilities to low-cost countries and within the EU.

CONSUMPTION

Norwegian domestic annual consumption of fish amounts to about 23.3 kg per person or about 107,000 MT in total. Of this, about 10% is private catch and 15% is served in restaurants. While total consumption has not increased in past years, consumption of filets and other cuts has increased.

TRADE

In 2004, total Norwegian fish exports amounted to NOK 28.2 billion (USD 4.2 billion), an increase of 7.6 percent compared to 2003. In volume, fish exports amounted to 1.9 million MT. While the EU accounts for 61% of Norwegian fish exports and is, by far, the most important market for Norwegian fish exporters, non-EU markets are growing fast. In 2004, seafood exports to non-EU countries increased their relative share of seafood exports by one percent to 39 percent. Denmark and Japan are the largest single markets for Norwegian seafood exports, each taking about 11% of the total, followed by Russia (9.1%), France (8.7%), Portugal (6.0%) and the UK (5.6%).

Over the past two years, the weak Norwegian krona (NOK) has helped Norwegian seafood exports. Despite recent strengthening of the krona, growth in exports is continuing thanks to increased salmon demand in the major export markets. Salmon and cod are the most important species exported from Norway to world markets, accounting for 53 percent of total 2004 export value. Norwegian salmon alone represented 36 percent of total export value and was shipped to more than 50 countries.

Norway's total salmon exports increased again in 2004, reaching a record level of 440,780 MT valued at NOK 11.1 billion (USD 1.6 billion), compared to 415,000 MT valued at NOK 10.1 billion (USD 1.4 billion) in 2003. A major part, almost 90 percent, of Norwegian salmon is exported whole. In 2004, exports of whole salmon amounted to 388,872 MT, compared to 363,737 MT the year before. Exports to Denmark and France decreased somewhat while exports to other big export markets like Russia, Japan, Germany and Poland increased. Exports to the United States decreased to 3,782 MT, from 6,237 MT in 2003. So far in 2005, prices of whole salmon have been higher than last year thanks to increased demand in Norway's most important export markets, but also because of decreased supplies in those markets from Scotland and the Faeroe Islands. Exports of whole salmon are expected to increase further over the next two years, but at a slower pace due to the strengthening of the Norwegian krona. Implementation of the EU's minimum import prices (MIP) for Norwegian salmon on July 1, 2005 has not affected exports to the EU as market prices exceed the MIP.

Norwegian exports of whole groundfish decreased by 6% to 66,894 MT in 2004 while exports of groundfish fillets were stable. Cod is the major groundfish species in Norway and accounts for the majority of groundfish exports. The largest markets for Norwegian cod are Denmark, France and Sweden. Due to increased competition in frozen fillets from low cost countries like China, Norway is exporting more fresh fillets, which is possible thanks to its proximity to the most important markets. So far this year, exports of fresh cod fillets have increased by almost 30 percent.

In 2004, Norwegian exports of groundfish to the United States increased by 37 percent to 4,132 MT while exports of groundfish fillets decreased by 30 percent to 3,022 MT. Exports of whole salmon to the United States decreased by 40 percent to 3,780 MT. The decline has continued in 2005. The United States is now Norway's 15th largest export market, compared to 12th position last year.

For about 15 years, Norwegian exports of salmon to the United States have been hampered by U.S. sanctions in the form of anti-dumping and countervailing duties, amounting to about 25%. 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.

MARKETING

Norway's imports of fish and seafood amounted to USD 390 million in 2004. The majority of imports are utilized by the aquaculture or processing industry for export products. There is, nevertheless, a market for "specialty products" such as scallops, mussels, oysters, live and frozen squid. These products are mainly intended for the retail and hotel, restaurant and institutional (HRI) trade. About 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).

STATISTICAL SECTION

PSD Table Norway, Salmon, Whole/ Eviscerated (MT)

	2004 USDA Official [Old]	Revised Post Estimate [New]	2005 USDA Official [Old]	Estimate Post Estimate [New]	2006 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Beginning Stocks	0	0	0	0	0	0
Total Production	0	447500	0	447000		455000
Intra-EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	0	447500	0	447000	0	455000
Intra-EC Exports	0	0	0	0	0	0
Other Exports	0	388872	0	390000	0	400000
TOTAL Exports	0	388872	0	390000	0	400000
Domestic Consumption	0	58628	0	57000	0	55000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	0	58628	0	57000	0	55000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	447500	0	447000	0	455000

Export Trade Matrix, Norway, Salmon, Whole/ Eviscerated (MT)

Time Period	CY	Units:	MT
Exports for:	2003		2004
U.S.	6237	U.S.	3782
Others		Others	
Denmark	70060	Denmark	65970
France	54640	France	52957
Russia	23142	Russia	34064
Japan	23134	Germany	26369
Spain	22750	Japan	24402
Germany	22374	Poland	23405
Poland	18460	Spain	23103
Netherlands	16350	UK	16984
Sweden	13619	Netherlands	16752
UK	13581	Finland	16019
Total for Others	278110		300025
Others not Listed	79420		85065
Grand Total	363767		388872

Import Trade Matrix Norway, Salmon, Whole/ Eviscerated (MT)

Time Period	CY	Units:	MT
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Total for	0		0
Others			
Others not Listed	0		0
Grand Total	0		0

Price Table Norway, Salmon, Whole/ Eviscerated (MT)

Prices in	NOK	per uom	KG
Year	2003	2004	% Change
Average year	21.3	22.6	6.1
Exchange Rate	7.08	Local Currency/ US \$	

PSD Table Norway, Groundfish, Whole/ Eviscerated (MT)

Market Year Begin	2004 USDA Official [Old]	Revised Post Estimate[New]	2005 USDA Official [Old]	Estimate Post Estimate[New]	2006 USDA Official [Old]	Forecast Post Estimate[New]	UOM MM/YYYY Y
Beginning Stocks	0	0	0	0	0	0	(MT)
Total Production	0	253625	0	255000	0	255000	(MT)
Intra-EC Imports	0	0	0	0	0	0	(MT)
Other Imports	0	44888	0	45000	0	45000	(MT)
TOTAL Imports	0	44888	0	45000	0	45000	(MT)
TOTAL SUPPLY	0	298513	0	300000	0	300000	(MT)
Intra-EC Exports	0	0	0	0	0	0	(MT)
Other Exports	0	66894	0	70000	0	70000	(MT)
TOTAL Exports	0	66894	0	70000	0	70000	(MT)
Domestic Consumption	0	231619	0	230000	0	230000	(MT)
Other Use/Loss	0	0	0	0	0	0	(MT)
TOTAL Utilization	0	231619	0	230000	0	230000	(MT)
Ending Stocks	0	0	0	0	0	0	(MT)
TOTAL DISTRIBUTION	0	298513	0	300000	0	300000	(MT)

Export Trade Matrix Norway, Groundfish, Whole/ Eviscerated (MT)

Time Period	<input type="text" value="CY"/>	Units:	<input type="text" value="MT"/>
Exports for:	<input type="text" value="2003"/>		2004
U.S.	<input type="text" value="3019"/>	U.S.	<input type="text" value="4132"/>
Others		Others	
Denmark	25512	Denmark	22820
UK	9402	UK	9551
France	5799	China	8293
China	9214	Portugal	6801
Portugal	4958	France	5444
Canada	4368	Germany	2347
Germany	1784	Canada	1385
Sweden	823	Sweden	1294
		Netherlands	1137
Total for Others	61860		59072
Others not Listed	<input type="text" value="6366"/>		<input type="text" value="3690"/>
Grand Total	71245		66894

Import Trade Matrix Norway, Groundfish, Whole/ Eviscerated (MT)

Time Period	<input type="text" value="CY"/>	Units:	<input type="text" value="MT"/>
Imports for:	<input type="text" value="2003"/>		2004
U.S.	<input type="text" value="7539"/>	U.S.	<input type="text" value="12337"/>
Others		Others	
Russia	37768	Russia	31300
Total for Others	37768		31300
Others not Listed	<input type="text" value="1898"/>		<input type="text" value="1251"/>
Grand Total	47205		44888

Price Table Norway, Groundfish, Whole/ Eviscerated (MT)

Prices in	<input type="text" value="NOK"/>	per uom	<input type="text" value="KG"/>
Year	<input type="text" value="2003"/>	2004	% Change
Average year	16.3	17.3	6.1
Exchange Rate	<input type="text" value="7.08"/>	Local Currency/ US \$	

PSD Table Norway, Groundfish, Fillets (MT)

Market Year Begin	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New] 01/2004	USDA Official [Old]	Post Estimate[New] 01/2005	USDA Official [Old]	Post Estimate[New] 01/2006	
							MM/YYYY Y
Beginning Stocks	0	0	0	0	0	0	(MT)
Total Production	0	35000	0	35000	0	35400	(MT)
Intra-EC Imports	0	0	0	0	0	0	(MT)
Other Imports	0	3101	0	3000	0	3000	(MT)
TOTAL Imports	0	3101	0	3000	0	3000	(MT)
TOTAL SUPPLY	0	38101	0	38000	0	38400	(MT)
Intra-EC Exports	0	0	0	0	0	0	(MT)
Other Exports	0	30022	0	30500	0	31000	(MT)
TOTAL Exports	0	30022	0	30500	0	31000	(MT)
Domestic Consumption	0	8079	0	7500	0	7400	(MT)
Other Use/Loss	0	0	0	0	0	0	(MT)
TOTAL Utilization	0	8079	0	7500	0	7400	(MT)
Ending Stocks	0	0	0	0	0	0	(MT)
TOTAL DISTRIBUTION	0	38101	0	38000	0	38400	(MT)

Export Trade Matrix Norway, Groundfish, Fillets (MT)

Time Period	<input type="text" value="CY"/>	Units:	<input type="text" value="MT"/>
Exports for:	<input type="text" value="2003"/>		2004
U.S.	<input type="text" value="4279"/>	U.S.	<input type="text" value="3022"/>
Others		Others	
UK	13856	UK	13935
France	4558	France	4435
Sweden	2302	Sweden	2469
Denmark	1075	Denmark	878
Germany	951	Germany	711
Total for	22742		22428
Others			
Others not	<input type="text" value="3003"/>		<input type="text" value="4572"/>
Listed			
Grand Total	30024		30022

Import Trade Matrix Norway, Groundfish, Fillets (MT)

Time Period	<input type="text" value="CY"/>	Units:	<input type="text" value="MT"/>
Imports for:	<input type="text" value="2003"/>		2004
U.S.	<input type="text" value="6"/>	U.S.	<input type="text" value="3"/>
Others		Others	
Russia	1678	Russia	1304
Thailand	517	China	711
UK	95	Thailand	459
China	59	UK	142
Total for	2349		2616
Others			
Others not Listed	<input type="text" value="408"/>		<input type="text" value="482"/>
Grand Total	2763		3101

Price Table Norway, Groundfish, Fillets (MT)

Prices in	<input type="text" value="NOK"/>	per uom	<input type="text" value="KG"/>
Year	<input type="text" value="2003"/>	2004	% Change
Average for year	37.96	34.61	-9
Exchange Rate	<input type="text" value="7.08"/>	Local Currency/ US \$	