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Denmark

Fishery Products

Annual

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Report Highlights:
Denmark ranks fourth among world suppliers of fishery products and is a large international trader. Traditionally, fresh fish is generally imported from non-EU countries, then processed and re-exported to other EU member countries. Increasingly, Danish exporters are becoming traders, buying fish at vessels on the sea, processing them in China and directly shipping to markets in Europe. Declining EU cod quotas are increasing Danish interest in finding alternative suppliers and import substitutes. Niche markets also exist for U.S. shellfish.

Includes PSD Changes: No
Includes Trade Matrix: Yes
Unscheduled Report
Copenhagen [DA1]
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Table of Contents

Executive Summary

With rising exports over the past ten years, Denmark remains one of the world's leading seafood exporters and the largest in the EU. Denmark imports raw material from other (mainly Nordic) countries and sells fresh or processed product to other EU member countries. While Denmark records the largest landings in the EU, most of these are for industrial production of fishmeal and fish oil.

Seventy percent of raw material imports come from countries outside the EU (principally Norway, Greenland, Faeroe Islands and Russia), although Danish seafood traders increasingly are sourcing their supplies for the European markets from China, Vietnam and other Far East countries. 80 percent of exports are sold within the EU – primarily to Germany (22 percent), France and the UK. Apart from trade through Denmark, Danish traders are also active in importing directly from third countries to other EU markets.

Export quantities in 2005 were almost unchanged from 2004. In 2005, Denmark exported 666,000 tons of total fish and seafood products, a slight decrease of 20,000 tons from the previous year. Denmark continues to export significant quantities of fish oil and meal processed from, mainly, imported raw material. In 2005, those products accounted for 370,000 tons (or 36 percent) of all exports.

Export value increased in 2005, up by 8 percent to DKK 16.1 billion (U.S.$2.7 billion). Exports of unprocessed fish increased by 10 percent in 2005 while processed seafood exports increased by 8 percent. Processed seafood exports now constitute 56 percent of total seafood exports.

In quantity terms, imports of non-processed fish were practically unchanged at 413,000 tons while imports of processed fish increased by 25 percent to 189,000 tons. All landings (including landings in Denmark from other EU and third countries) of edible fish in 2005 amounted to 485,000 tons, unchanged from 2004. Relatively high prices in 2004 increased in 2005 by an average 10 percent. Cod prices increased by 12 percent while other groundfish increased by 31 percent. Import value of unprocessed seafood increased by 6 percent to DKK 5.1 billion ($852 million) while imports of processed seafood increased by 20 percent to DKK 4.6 billion ($767 million).

In general, quotas dictate total Danish catch. Cod quota reductions are putting the fishing industry under great pressure. The decreased Danish cod harvest is being fully substituted by landings in Denmark of vessels from other countries, increased cod imports from other countries, and imports of other species such as sea bass from Lake Victoria in Africa and Hoki from New Zealand.

Total domestic seafood consumption in 2005 is almost unchanged at 125,000 tons. These figures are only estimates and do not take into account stock changes. In general, Danish consumption is rather stable at about 24 kg. per person. Of this amount, only 6.5 kg are fresh fish.

The reduction in (especially cod) quotas has increased the Danish processing industry's needs for imports. Denmark is seeking raw material from all over the world. Seafood imports from U.S. have increased significantly in recent years; from 2,980 tons in 2000 to 7,900 tons in 2005. Imports of groundfish fillets have increased from zero in 2001 to 2,238 tons in 2005. Imports of salmon from the U.S. stands relatively stable at 1,000 tons.

Market opportunities exist for increased U.S. exports of smaller (about 1 to 2 kg) salmon, while market opportunities for scallops and lobsters (around New Year) and cold-water

shrimp should be explored. Demand for Alaska pollack (frozen) has grown to fill the void left by reduced imports of Atlantic Pollack. Demand also exists for catfish. The Office of Agricultural Affairs in Copenhagen can supply interested exporters with details of possible Danish importers.

A new EC Directive on traceability for seafood (effective as of January 1, 2005) requires labels to indicate whether seafood is farmed or caught wild. Still unresolved is the question of how to label fish that is caught wild and subsequently farm-raised to full maturity (mainly valid for eels). The Danish Minister for Food, Agriculture and Fishery will try to have them labeled as wild, as that definition will include all fish, especially cod, caught under quota. It is hoped that such labeling would improve the competitiveness of Danish-produced cod versus farm-raised cod from Sweden.

On September 6, 2005, the Danish Minister for Food Agriculture and Fisheries launched the marketing of organic farmed fish (mainly trout), a production that had been underway since March 2005. The organic production focuses on using organic feed, less use of veterinary drugs, more attention to fish welfare and less impact on the environment. So far, only trout have been produced organically, and constitute still a minor part of all trout raising.

Exchange rates: 2004: DKK 5.99=US$1
2005: DKK 6.00=US$1

Present: DKK 5.85 =US$1

Salmon, Whole/Eviscerated

Production

The only sea where Danish fishermen catch salmon is the Baltic, in competition with Swedish, Polish and Finnish fishermen. This catch is forecast to remain unchanged in the coming years. The quality of the Baltic salmon is considered excellent and it is especially good for smoking and curing. Due to the dioxin content in larger salmon, only salmon up to 6 kg. are allowed to be caught and marketed.

Danish production accounts for less than 10 percent of total supply, which underscores the importance of imports.

There is no salmon farming in Denmark. There is, however, farm production of trout of 8,000 tons. This farmed production is only economically viable for the months when the trout can be caught with roe.

Prices

Auction statistics are no longer publicized as most salmon are caught and sold directly to the industrial users. In general, retail prices are more than six times as high as the price paid to the fishermen at the landing places.

Consumption

Domestic consumption is expected to vary only slightly from the present level of about 14,000 tons. The increased availability of salmon from extensive farm production in, among other countries, Norway, has lowered the price considerably. Salmon has therefore become affordable for a larger group of consumers. Retail prices in Denmark of fresh salmon are lower than those for fresh cod.

Trade

By July 4, 2005, the EU anti-dumping duty was replaced by a minimum price system. Minimum prices for Norwegian salmon were set at Euro 3.12 for eviscerated salmon without head, Euro 4.99 for salmon fillets, and Euro 6 for small fillets below 300 grams. These minimum prices have since been below the market prices.

Norway is by far the main supplier followed by Faroe Islands (which has suffered from quality probems the last year) and Sweden and the U.S. Most of the salmon imported from Norway and the Faeroe Islands are farm- raised while salmon imported from North America is wild salmon. Imports from the U.S. are partly smaller salmon (1 to 2 kg) sold frozen in super markets, and partly 6 to 9 kg salmon that are smoked, portioned/sliced and exported to other European countries.

Norway and the Faeroe Islands are expected to continue to be the main suppliers during the next few years, while Chile is seen to have potential growth in future years. Import levels from the U.S. and Canada depend on the price difference between farmed Norwegian salmon and the wild caught North American salmon. Growing demand may exist for 1 to 2 kg Alaskan salmon for sale by major supermarkets.

Exports of smoked salmon have been unchanged during more than a decade. In 1993, a total of 8,081 tons was exported with a value of DKK 925 million (U.S. $115 million). In 2005, Denmark exported 8,033 tons with a value of DKK 622 million ($104 million). Just 30 tons of smoked salmon (half of 2003 exports) were exported to the U.S. for a total of DKK 2.0 million ($330,000), or $10.99 per kilo.

The decrease in imports of whole salmon is partly compensated by increased imports of salmon filets, increasing almost 10,000 tons from 8,812 tons in 2004 to 18,244 tons in 2005, of which 11,265 tons from Chile.

Import Trade Matrix

Country	Denmark		
Commodit	Salmon, Whole/Eviscerated		
Time Period	CY	Units:	MT
Imports for:	2004		**2005**
U.S.	1041	U.S.	1029
Others		Others	
Faroe Islands	18920	Faroe Islands	5752
Norway	49153	Norway	43367
Sweden	4050	Sweden	1021
Total for Others	72123		50140
Others not Liste	3938		830
Grand Total	77102		51999

Policy

Denmark has a small marine aquaculture sector, which produces sea trout and no salmon. The Danish government is very concerned about nitrate pollution and has taken stringent measurements to reduce nitrate runoff from agriculture. Since a large number of fish farms could present a serious pollution risk to the Danish fjords, the government has placed limits on the amount of feed that might be introduced into these waters (and consequently on production).

Production has stabilized at 8,000 tons.

Marketing

Market Development Opportunities

Increased availability of salmon at affordable prices has opened up the market for additional increases in consumption. The versatility of salmon has made it a popular fish among the consumers. The market share for processed/ready-to-eat salmon is increasing and there is considerable room for additional expansion for this kind of product.

Health experts continue to stress that eating certain fish (e.g. salmon) is healthy and currently newspapers report that eating such fish once or twice a week reduces the likelihood of senility by as much as 35 percent. As most imported salmon from Norway and the Faeroe Islands is used by the industry, market opportunities exist for smaller, frozen salmon, typically sold through supermarkets. Danish supermarkets import directly themselves. The Alaska Seafood Marketing Institute has worked to establish contact with Danish supermarkets.

Groundfish, Whole/Eviscerated

Production

The groundfish category consists of the following species: cod, haddock, pollock, whiting, light and dark coalfish, and hakes. Cod is by far, the most important species in this category. It constituted 85 percent in 2000 but decreasing to 63 percent in 2005 due to steadily reduced cod quotas and increased quotas for other groundfish. The Total Allowable Catch (TAC) quotas limit actual landings. Next to cod, haddock is the most important species of the groundfish with an 11 percent share. Cod are caught in the Baltic Sea as well as in the North Sea. While the quota (TAC) for the North Sea was left unchanged for 2004, the quota for the Baltic Sea, which account for 66 percent of all cod catch, was reduced by 20 percent for 2004, though it remained stable for 2005. Both quotas are anticipated to continue basically unchanged for 2006. The cod population in the Baltic Sea is rebounding, and agreement has been reached to use nets with larger mesh, in order to further increase the population. No such agreement seems imminent for the North Sea. These limits are not forecast to change the Danish supply situation notably, as cod landings will be substituted by other groundfish species and imports from other waters. Quotas for haddock were increased by 16 percent in 2005 and account for 6,000 tons.

In spite of reduced Danish groundfish quotas, total groundfish landings (including landings in Denmark from vessels of other nationalities) have remained unchanged at 70,000 tons.

To supply retailers and industry, Danish seafood traders are looking for substitutes for traditional cod consumption. In competition with the U.S., importers are sourcing Nile perch or Victoria Bass from Lake Victoria. Due to high prices for cod, these species are still competitive. Such seafood arrives fresh in Denmark about 24 hours after landing at Lake Victoria and is distributed fresh around Europe within another 24 hours.

Consumption

Most of the whole/eviscerated groundfish is used for further processing into fillets and other processed products. It is estimated that about 5 percent of domestic consumption is consumed directly as fresh fish. Of landed whole groundfish, approximately 40 percent is guts, fins, heads and other waste products.

An increasing share of sales is shifting from specialized fish retailers to supermarkets, which have improved the quality of their seafood through fast sales and special packing. While supermarkets' share of the seafood market was about 15 percent just a few years ago, it is now estimated at about 50 percent, and is forecast by some to increase to about 80 percent in a five-year period.

Trade

Import Trade Matrix

Country	Denmark		
Commodit	Groundfish, Whole/Eviscera		
Time Period	CY	Units:	MT
Imports for:	2004		**2005**
U.S.	3955	U.S.	4282
Others		Others	
Norway	19454	Norway	12041
Russia	14439	Russia	10043
Sweden	11179	Sweden	6551
Faroe Islands	4517	Faroe Islands	4369
Greenland	3268	Greenland	2776
Germany	7216	Germany	9845
Netherlands	3267	Netherlands	983
Total for Others	63340		46608
Others not Liste	6415		7497
Grand Total	73710		58387

As EU quotas are decreasing, Russia and Norway have become dominant suppliers, supplying 38 percent of all imports in 2005. Sweden predominantly supplies fresh cod, fished in the Baltic Sea. Danish imports of fresh frozen cod from Alaska (Aleutian Islands) have been gradually increasing from 473 tons in 2000 to 5,800 tons in 2003 but reduced to 4,282 tons in 2005. The fish are frozen on board fishing vessels, and after defrosting in Denmark, are salted, filleted and exported to southern European countries. Interest also exists for imports of Alaskan Pollock weighing more than 1 kg., caught by line, frozen on board, Japanese cut.

The relatively drastic reduction in imports as well as exports of whole groundfish is partly caused by changes in the trading patterns. Danish trading companies buy whole groundfish on the vessels, landing the fish in China where they are filleted/processed and then exported to Europe, often directly, and not included in the Danish trade statistics.

Export Trade Matrix

Country	Denmark		
Commodit	Groundfish, Whole/Eviscera		
Time Period	CY	Units:	MT
Exports for:	2004		**2005**
U.S.	0	U.S.	0
Others		Others	
Germany	2642	Germany	3375
France	26447	France	13748
Iberia	21217	Iberia	7163
Netherlands	7649	Netherlands	6338
UK	3381	UK	2694
Sweden	3426	Sweden	3077
Norway	3443	Norway	383
Total for Others	68205		36778
Others not Liste	10553		10450
Grand Total	78758		47228

Groundfish, Fillets

Trade

2005 imports of groundfish fillets increased drastically in 2005 to 27,408 tons, up from 18,482 tons in 2004, of which 79 percent is imported from countries outside the EU. Groundfish fillet exports totaled 40,165 tons in 2005, with 91 percent entering the EU market. Of third country exports, the U.S. was a relatively large importer. A significant part of the groundfish fillets exported to the U.S. enters the fast food industry. Denmark's biggest exporter of fish, A. Espersen A/S, supplies all McDonalds restaurants in Europe.

Imported fillets from the U.S. are further processed into fish fingers and ready-to-serve dishes, mainly for East European countries.

Import Trade Matrix

Country Denmark

Commodit Groundfish, Fillets

Time Period	CY	Units:	MT
Imports for:	2004		**2005**
U.S.	1697	U.S.	2238
Others		Others	
Faroe Islands	2678	Faroe Islands	7947
Russia	1001	Russia	2133
Norway	1552	Norway	1595
Germany	1803	Germany	1171
Sweden	1566	Sweden	1397
Greenland	730	Greenland	1445
Poland	2420	Poland	1695
Total for Others	11750		17383
Others not Liste	5035		7787
Grand Total	18482		27408

Export Trade Matrix

Country Denmark

Commodity Groundfish, Fillets

Time Period	CY	Units:	MT
Exports for:	2004		**2005**
U.S.	735	U.S.	1159
Others		Others	
Germany	10243	Germany	11114
UK	9072	UK	6219
France	4145	France	7717
Iberia	2166	Iberia	1175
Sweden	1154	Sweden	1417
Italy	4115	Italy	2677
Netherlands	564	Netherlands	908
Other EU	4144	Other EU	5490
Total for Others	35603		36717
Others not Listed	2382		2289
Grand Total	38720		40165