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## Norway

## Oilseeds and Products

## Annual

## 2000

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### **Report Highlights:**

Agricultural and food biotechnology sensitivities since 1996 have denied U.S. soybean exporters access to the Norwegian market. With the country's sole oilseed crusher (Denofa) having expanded overall crushing capacity by 25 percent over the past few years, the import market annually denied U.S. suppliers currently stands at approximately US\$ 60 million. Given concerted efforts by the Norwegian oilseed crushing industry to cultivate the Brazilian market – including the rental of local Brazilian crushing capacity – it would appear problematic whether historical market shares (60 percent for the U.S.) will ever be reestablished after GMO concerns subside. In the meantime, Denofa's 100 percent reliance on non-GMO soybean imports is also being sustained by the growing demand for its GMO-free soybean meal in such export locations as Switzerland, Sweden and the United Kingdom.

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## **Executive Summary**

Due to the reorganization of its sole crushing facility, Norway's single soybean crusher Denofa was not able to fully utilize its new crushing capacity of 375,000 tons. Production in 1999 reached only 330,000 tons, which was nonetheless the highest ever in Norway. However, U.S. exporters -- who have traditionally had about a 60 percent market share -- continue to be excluded from this expanding market due to domestic Norwegian concerns with biotechnology. For the foreseeable future, this situation is unlikely to change in the absence of a willingness to supply non-GMO beans via segregation or the supply of identity preserved beans. Norway today has established good contacts in Brazil for their supply of non-GMO beans. The crusher has also rented a crushing plant in Brazil, enabling it to supply its expanding customers' need for non-GMO products. So far Norway has not approved any GMO products for the Norwegian market and the country's biotech rules -- based upon the Gene Technology Act. of 1993 -- are among the strictest in the world and prohibit the import of genetically modified organisms, as well as strict approval policies for products derived GMO's. In addition, Norway requires full domestic approval and labeling of all food products containing more than 2 percent GMO products -- a threshold that will drop to 1 percent in line with action taken by EU authorities. At the moment, no GMO labeled products can be found in grocery stores as these are more or less banned by consumer organizations as well as the grocery trade itself.

As to the import of fish oil, the U.S. has supplied the Norwegian market during the last two years with between 31,000-42,000 tons. Due to Norway's large fish farming and lack of catches and quotas in the sea, we might see increased need for fish oil to the Norwegian market. With the exception of its need for imported fish oil, Norway today is also a leading exporter to the world market of hardened marine fats.

## **Total Oilseed**

### **General Soybean**

Despite some challenges over the past few years in obtaining non-GMO soybeans, Norway has continued to function as a viable soybean market. Norway relies totally on imports for all its requirements and currently crushing capacity stands at 375,000 tons. The latter was not fully utilized last year -- when only 330,000 tons were crushed -- due to the requirement to undertake reorganization measures by the country's sole crusher (Denofa). Norwegian official policy not allowing GMO beans to be imported has forced Denofa to look for non-GMO beans from sources other than the United States, which originally supplied about 60 percent of the Norwegian market. With the recent increased crushing capacity in Norway and current world market prices, the standing annual loss for US exporters amounts to roughly US\$ 60 million a year.

### **Import Market**

During the past few years, Denofa has covered its need for non-GMO beans with supplies from Canada and Brazil. However, commencing in 1999 -- and in the years to come -- Denofa's entire import requirement will probably all come from Brazil; where only a few major producers can supply Norway's total import requirement of only 375,000 tons. Business contacts in this market have been assiduously developed over the past year and Norway has also rented a plant (crushing facility) in Brazil in an effort to cover its customers' needs for non-GMO products.

As to the U.S. position, Denofa perceives what it describes as "EVOLUTION" over the past year in US suppliers' openness to the provision of non-GMO ( identity preserved) soybeans. However, cost factors continue to hamper the more serious consideration of such offers. This stems in large part due to storage costs and premium on US offers compared with Brazil.

## **Total Meals**

### **General, Soybean Meal**

Due to circumstances outlined above, crushing capacity was not fully utilized in 1999, but, it was still the largest output ever amounting to 260,000 tons. Out of the total meal about 100,000 tons will be used for the Denofa product "Soypass," which is a special products for cows, enhancing protein utilization. When the Norwegian crusher has full capacity, we expect them to produce about 300,000 tons of meal a year of which about 110,000 tons will be "Soypass."

### **Export Markets**

According to Denofa, interest in non-GMO soybean meal sourced from Norway is increasing and such interest originates from unexpected countries. In 1999, meal was sold to both Switzerland and United Kingdoms which normally do not take meal from Norway. With the increased capacity in Norway as well as from the rented plant in Brazil, it will be interesting to see how this develops. However, today Sweden is still the largest customer for this meal from Norway, and imported in 1999, 126,000 tons.

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## General Fish Meal

### General Fish Meal

While 1998 production of fish meal was at record levels, production in 1999 was reduced by as much as 25 percent to a total of 240,000 tons. For the 14 Norwegian fish meal factories along the Norwegian coast this was not a good result in view of the increasing demand for fish meal both domestically as well as for export. The main species caught for production were Blue whiting 533,000 tons and Sandeel 187,000 tons. The amount of fish used for this production of meal count for about 40 percent of all catches of fish in Norway in 1999. According to the trade more than 200,000 tons of fish meal are used each year in the fish farming industry, and the demand is increasing every year, which is the result of the increasing production of farmed salmon. In a dispute with EU in 1996, about export of salmon and minimum prices, Norway implemented feed quotas for the fish farmers. This means that Norway has a good overview as to the demand for fish meal each year. While the total feed quota in 1998 was 483,000 tons, this quota increased to 510,000 tons in 1999.

### Import/Export.

Norway's fishmeal imports decreased by as much as 20 percent in 1998, but increased some 45 percent in 1999. The main suppliers of fishmeal to Norway in 1999 were Denmark and Iceland. However, the export of fishmeal from Norway more than doubled in 1998 and was on the same level in 1999, and the main importers have been the United Kingdom, Germany and Denmark. We do not foresee the same large export in the coming years as we expect lower production of meal as well as increased domestic consumption.

### Total Oils.

#### General Soybean Oil.

Norway is still a market relying on soybean oil for about 95 percent of the needs of both consumers and the food industry. Almost all recipes in the food industry are made using soybean oil. There has been concern within the industry of continuing using soybean oil, but as long as the supplier and crusher Denofa can guarantee GMO free soybean oil, we see no changes to this pattern unless the price between GMO free soybean oil and other oil should be substantial. So far the Norwegian market is also protected by an import duty of 14.4 percent against other oils offered to the market. Today the consumers' organizations as well as the grocery retail chains have refused to open up for GMO products unless they are clearly labeled as such, and some grocery chains have even refused to sell GMO products in their stores. Today the government rules are that all products containing more than 2 percent of a GMO produced product must be approved by the authorities and also labeled as such before entering the market, however, Norway will soon introduce the 1 percent level which now exists in EU. Further all products containing GMO (also below 1 percent) must be approved by the Norwegian Food Control Authority before entering the market. So far we have seen no products in the stores labeled as GMO products, but occasionally we hear that imported grocery products containing GMO products have been discovered in the shelves and have subsequently been taken off the shelves.

### Import/Export.

Norway is self-sufficient in soybean oil from the crusher Denofa. However, we foresee that Norway already in 2000

may be an exporter of soybean oil as the crushing capacity increased this year. It is expected that with the

new crushing capacity, oil production will be about 75,000 tons which means that about 15-25,000 tons may be exported. Normally it would have been difficult to export Norwegian soybean oil due to price competition. However, as the crusher Denofa today can offer **GMO free** soybean oil, we feel that the demand for this oil in Europe will not be a problem.

### **General Fish Oil.**

Due to reduced catches of fish in 1999, which is the result of diminished resources in the sea, the production of fish oil reached only 67,000 tons in 1999 compared with 95,000 tons in 1998. The fish oil has been an important factor in the fish farming industry in Norway, and today this industry is using about 55,000 tons a year.

### **Import/Export**

Norway is presently the world's largest exporter of hardened marine fats and to cover its demand for production large quantities are imported. Due to the lack of domestic sources Norway imported 219,000 tons in 1999, which is an increase of about 40 percent from 1998. Both in 1998 as well as 1999, the U.S. has been a large supplier to Norway (see tables below). The export of hardened marine fats from Norway has been at about the same level as in 1998.

## Statistical Section

### PSD Tables and Trade Matrices

PSD Table						
Country	Norway					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	10	10	10	40	10	40
Production	0	0	0	0	0	0
MY Imports	330	360	330	375	0	375
MY Imp. from U.S.	150	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	340	370	340	415	10	415
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	330	330	330	375	0	375
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	330	330	330	375	0	375
Ending Stocks	10	40	10	40	0	40
TOTAL DISTRIBUTION	340	370	340	415	0	415
Calendar Year Imports	375	360	375	375	0	375
Calendar Yr Imp. U.S.	150	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Norway		
Commodity	Oilseed, Soybean		
Time period	CY	Units:	Metric tons
Imports for:	1998		1999
U.S.		U.S.	17
Others		Others	
Canada	96,022	Brazil	340,096
Brazil	159,597	Netherlands	19,345
Netherlands	23,623		
Total for Others	279242		359441
Others not Listed			908
Grand Total	279242		360366

PSD Table						
Country	Norway					
Commodity	Meal, Soybean				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	330	330	330	375	0	375
Extr. Rate, 999.9999	0.787879	0.787879	0.787879	0.8	ERR	0.8
Beginning Stocks	42	42	32	35	22	40
Production	260	260	260	300	0	300
MY Imports	16	24	10	10	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	318	326	302	345	22	350
MY Exports	161	161	160	175	0	180
MY Exp. to the EC	161	151	160	150	0	150
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	125	130	120	130	0	140
TOTAL Dom. Consumption	125	130	120	130	0	140
Ending Stocks	32	35	22	40	0	30
TOTAL DISTRIBUTION	318	326	302	345	0	350
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	180	161	160	175	0	180
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Norway		
Commodity	Meal, Soybean		
Time period	CY	Units:	Metric tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Brazil	5,678	Netherlands	17,435
Netherlands	1,970	Brazil	6,568
Total for Others	7648		24003
Others not Listed	1,127		323
Grand Total	8775		24326

Export Trade Matrix			
Country	Norway		
Commodity	Meal, Soybean		
Time period	CY	Units:	Metric tons
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Sweden	139,736	Sweden	126,073
Finland	1,999	Finland	15,436
Denmark	437	Switzerland	9,620
		Denmark	1,152
		United Kingdom	4,044
Total for Others	142172		156325
Others not Listed			4,675

Grand Total	142172		161000
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PSD Table						
Country	Norway					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	330	330	330	375	0	375
Extr. Rate, 999.9999	0.181818	0.19697	0.181818	0.2	ERR	0.2
Beginning Stocks	37	37	25	42	19	32
Production	60	65	60	75	0	75
MY Imports	11	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	11	0	0	0	0	0
TOTAL SUPPLY	108	102	85	117	19	107
MY Exports	15	0	15	25	0	25
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	6	4	0	4	0	4
Food Use Dom. Consump.	61	55	50	55	0	55
Feed Waste Dom. Consum	1	1	1	1	0	1
TOTAL Dom. Consumption	68	60	51	60	0	60
Ending Stocks	25	42	19	32	0	22
TOTAL DISTRIBUTION	108	102	85	117	0	107
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	15	0	15	25	0	25
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Norway		
Commodity	Oil, Soybean		
Time period	CY	Units:	
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	8,557	Germany	692
Total for Others	8557		692
Others not Listed			
Grand Total	8557		692

PSD Table						
Country	Norway					
Commodity	Meal, Fish			(1000 MT)(PERCENT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Catch For Reduction	1100	1050	1050	1100	0	1100
Extr. Rate, 999.9999	0.245455	0.228571	0.266667	0.218182	ERR	0.218182
Beginning Stocks	65	65	75	8	75	28
Production	270	240	280	240	0	240
MY Imports	150	144	150	220	0	240
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	70	67	70	70	0	70
TOTAL SUPPLY	485	449	505	468	75	508
MY Exports	110	151	120	130	0	120
MY Exp. to the EC	80	120	80	120	0	100
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	300	290	310	310	0	330
TOTAL Dom. Consumption	300	290	310	310	0	330
Ending Stocks	75	8	75	28	0	58
TOTAL DISTRIBUTION	485	449	505	468	0	508
Calendar Year Imports	150	144	150	220	0	240
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	110	151	100	130	0	120
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Export Trade Matrix			
Country	Norway		
Commodity	Meal, Fish		
Time period	CY	Units:	
Exports for:	1998		1999
U.S.	2	U.S.	
Others		Others	
United Kingdom	54,878	United Kingdom	45,335
Germany	32,623	Germany	23,390
Denmark	14,950	France	18,430
France	16,652	Denmark	28,780
		Ireland	6,236
		Greece	4,977
Total for Others	119103		127148
Others not Listed	32,433		24,582
Grand Total	151538		151730

Import Trade Matrix			
Country	Norway		
Commodity	Meal, Fish		

Time period	CY	Units:	
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Denmark	62,600	Denmark	67,144
Iceland	27,385	Iceland	61,233
Peru	6,790	Peru	13,546
Chile	1,281		
Total for Others	98056		141923
Others not Listed	1,328		2,316
Grand Total	99384		144239

PSD Table						
Country	Norway					
Commodity	Oil, Fish				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Catch For Reduction	1100	1050	1050	1100	0	1100
Extr. Rate, 999.9999	0.072727	0.06381	0.080952	0.063636	ERR	0.068182
Beginning Stocks	94	94	64	108	48	78
Production	80	67	85	70	0	75
MY Imports	150	219	170	200	0	220
MY Imp. from U.S.	0	31	0	25	0	25
MY Imp. from the EC	30	31	30	30	0	30
TOTAL SUPPLY	324	380	319	378	48	373
MY Exports	85	92	110	100	0	90
MY Exp. to the EC	40	42	40	40	0	40
Industrial Dom. Consum	1	1	1	1	0	1
Food Use Dom. Consump.	29	3	20	3	0	3
Feed Waste Dom. Consum	145	176	140	196	0	206

TOTAL Dom. Consumption	175	180	161	200	0	210
Ending Stocks	64	108	48	78	0	73
TOTAL DISTRIBUTION	324	380	319	378	0	373
Calendar Year Imports	150	219	170	200	0	220
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	85	92	110	100	0	90
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Export Trade Matrix			
Country	Norway		
Commodity	Oil, Fish		
Time period	CY	Units:	Metric tons
Exports for:	1998		1999
U.S.	1,027	U.S.	2,865
Others		Others	
United Kingdom	22,763	United Kingdom	21,728
France	7,632	France	2,625
Netherlands	4,159	Netherlands	16,001
Spain	3,460	Spain	2,001
Total for Others	38014		42355
Others not Listed	45927		46,550
Grand Total	84968		91770

Import Trade Matrix			
Country	Norway		
Commodity	Oil, Fish		
Time period	CY	Units:	Metric tons
Imports for:	1998		1999
U.S.	42,309	U.S.	31,003
Others		Others	
Denmark	49,501	Denmark	30,691
Iceland	44,070	Chile	44,597
Marokko	4,275	Iceland	48,543
		Marokko	4,582
		Peru	49,336
Total for Others	97846		177749
Others not Listed	17,306		10,306
Grand Total	157461		219058