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Report Highlights: Norway continues to deny import of genetically modified (GMO) soybeans, and is filling its needs with non-GMO beans produced in Brazil under special growing arrangements. Denofa, Norway's only crusher, is capitalizing on its ability to assure GMO-free products and the high level of demand for them in Europe. It is currently crushing 30 percent more beans than before and is expanding its customer base. The U.S, which previously enjoyed a 60 percent share of the Norwegian market for soybeans, is currently losing out on potential annual sales of an estimated \$80 million.

With a declining catch for reduction and increased domestic demand, Norway's fish oil and fishmeal imports are rising and exports are diminishing.

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Executive Summary

Year 2000 was the first year the crusher Denofa was able to fully utilize their new extended crushing capacity of soybeans. They have actually increased their capacity from 300,000 tons a year to 390,000 tons a year. 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 from GMO's. In addition, Norway requires full domestic approval and labeling of all food products containing more than 1 percent GMO. 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.

The increased crushing capacity has also resulted in increased Norwegian export of, specially, non-GMO soybean oil, and in year 2000, Norway, for the first time exported 30,000 tons of the oil, mainly to EU.

As to the import of fish oil, the U.S. has supplied the Norwegian market during the last three years with between 10,000-42,000 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 Soybeans.

Year 2000 was the first year that the Norwegian crusher Denofa was able to utilize their new and extended crushing capacity. According to the company they were able to crush as much as 390,000 tons of soybeans in year 2000. The production is all based on non-GMO Brazilian beans as the official Norwegian policy does not allow use of GMO beans. This has resulted in a yearly loss for U.S. suppliers of about \$60 million a year, as U.S. until the GMO ban covered about 60 to 70 percent of the Norwegian market. However, it looks like as long as the Norwegian crusher is able to obtain the non-GMO beans, they will benefit from the GMO ban as the demand for GMO free products in Europe are increasing every year.

Import Market

Denofa's last imports of beans from the U.S occurred in 1996, when GMO beans came on the market. In 1996, Denofa applied for a license to import beans from the U.S., but the Norwegian government's tolerance for GMO content in soybeans is zero. In Norway, the Ministry of the Environment regulates GMOs. During the past few years, Denofa has covered its need for non-GMO beans with supplies from Canada and Brazil. However, commencing in 1999 Denofa has sourced beans entirely from Brazil.

In Brazil, Denofa has entered into contract growing arrangements whereby Denofa can monitor operations from seed and bean production to storage and shipment. It has 400,000 MT of storage available there and segregated space at port facilities. 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 from storage costs and premium on US offers compared with Brazil.

In year 2000, Norway imported a total of 413,000 tons of soybeans, which is about 15 percent more than last year and the highest ever.

Total Meals

General, Soybean meal

The domestic production of meal reached 312,000 tons in 2000, Norway's highest level ever. Of this amount, about 110,000 tons will be used by Denofa for its "Soypass," a protein utilization-enhancing feed product for cows. It is expected that the demand for soypass will be increase due to the ban on meat and

bonemeal use for cattle feed.

Export Markets

According to Denofa, interest in its GM-free soybean meal is increasing and such interest originates from unexpected countries. In 2000, meal was sold to about 10 different countries 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 2000, 83,000 tons. The meal sold from Norway is guaranteed free from GMO and Salmonella, which is one of the reasons that new countries are interested. Previously, Norway was only exporting to Sweden, Finland and Denmark. Although the average price for Norwegian soybean meal has increased with about 35 percent, the last year the interest seems to expand. In 2000 the average export price for meal was about US\$ 209 per ton.

General Fish Meal

In 1998 production of fish meal was at record levels the production in year 1999 and 2000 was reduced by 25 percent to a total of 245,000 tons. For the 12 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 and sandeelas as well as some capelin fish. The amount of fish used for this production of meal count for about 41 percent of all catches of fish in Norway in 2000. According to the trade, due to increased production of farmed salmon, the majority of fish meal produced each year goes to the fish farming industry, and the demand is increasing every year. 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. In 2000 the total consumption of fish feed was 700,000 tons. Only for salmon the feed use was 560,000 tons, however, this was about 10,000 tons below the quota given.

Import/Export

Norway's fishmeal imports decreased by as much as 20 percent in 1998, but increased some 45 percent in 1999, and further increased in 2000 with as much as 28 percent. The main suppliers of fishmeal to Norway in 2000 were Peru and Iceland. However, the Norwegian export of fishmeal dropped by more than 40 percent from 1999 to 2000. The main importers have been the United Kingdom and Denmark. We do foresee lower export and larger import in the future due to demands from the Norwegian fish farming industry. The average export price for fishmeal from Norway in 2000 was about \$520 per tons, while the average import price was \$530 per tons.

Total Oils

General Soybean Oil

Norway continues to rely on soybean oil for about 95 percent of the combined food oil needs of

consumers and the food industry. Because of Norway's present aversion to GMO-containing products, there has been concern within the Norwegian food processing industry about continuing use of soybean oil in its formulas. However, as long as Denofa can guarantee GMO-free soybean oil and price differentials do not become too substantial, the current pattern of soybean oil use is unlikely to change significantly. The Norwegian crusher is also protected by a duty of 14.4 percent on imported oils. Today the consumer's 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 1 percent of a GMO produced product must be approved by the authorities and also labeled before entering the market. 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 imported grocery products containing GMO products have been discovered in the shelves and have subsequently been taken off the shelves.

Although the Norwegian market still is a large user of soybean oil, we have been told that domestic consumption of other oils like sunflower seed oil, rapeseed oil and olive oil have increased the last year from about 1,000 tons in 1997 to 10,000 tons today.

Import/Export

With Denofa's additional crushing now in operation, Norway has, for the first time, become an exporter of soybean oil of some quantity. Previously, it would have been difficult for Norwegian soybean oil to compete with oils from other countries. However, with the current demand for GMO-free soy oil in Europe, Denofa receives premium prices. In fact, Denofa cannot meet the demand from some customers in other countries. The average export price paid for Norwegian soybean oil in 2000 was about \$340 per metric ton.

General Fish Oil

Catches for reduction and the production of fish oil in Norway has been stable. However, the expansion of the fish farming industry has been increasing demand every year. Norway currently has 12 factories along the long Norwegian coastline which produce fish oil.

Import/Export

Norway is presently the world's largest exporter of hardened marine fats. To cover its production requirements and supply deficit, a large quantity of fish oil is imported. Norway imported 235,000 tons in CY 2000. This amount represent an increase of about 49 percent from 1998. In 1998, 1999 and 2000, the U.S. was a significant supplier to Norway (see tables below). Exports of hardened marine fats by Norway in CY 2000 were at about the same level as in 1999.

Statistical Section

PSD Tables and Matrixes

PSD Table						
Country: Norway						
Commodity: Oilseed, Soybean					(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	5	10	5	33	5	23
Production	0	0	0	0	0	0
MY Imports	320	413	320	380	0	390
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	20	0	20	0	0	0
TOTAL SUPPLY	325	423	325	413	5	413
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	317	390	317	390	0	390
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	3	0	3	0	0	0
TOTAL Dom. Consumption	320	390	320	390	0	390
Ending Stocks	5	33	5	23	0	23
TOTAL DISTRIBUTION	325	423	325	413	0	413
Calendar Year Imports	320	413	320	380	0	390
Calendar Yr Imp. U.S.	0	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:	1999	2000	
U.S.	17		
Others			
Brazil	340096	408025	
Netherlands	19345	5771	
Total for Others	359441	413796	
Others not Listed	908	38	
Grand Total	360366	413834	

PSD Table						
Country: Norway						
Commodity: Meal, Soybean				(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Crush	317	390	317	390	0	390
Extr. Rate, 999.9999	0.788644	0.8	0.804416	0.794872	ERR	0.794872
Beginning Stocks	31	35	10	47	9	37
Production	250	312	255	310	0	310
MY Imports	9	5	9	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	3	0	3	0	0	0
TOTAL SUPPLY	290	352	274	357	9	347
MY Exports	160	144	155	155	0	155
MY Exp. to the EC	160	140	155	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	120	161	110	165	0	170
TOTAL Dom. Consump.	120	161	110	165	0	170
Ending Stocks	10	47	9	37	0	22
TOTAL DISTRIBUTION	290	352	274	357	0	347
Calendar Year Imports	0	5	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	160	144	160	155	0	155
CY Exports. 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:	1999		2000
U.S.			
Others			
Netherlands	17435		3823
Brazil	6568		
Total for Others	24003		3823
Others not Listed	323		1598
Grand Total	24326		5421

Export Trade Matrix			
Country: Norway	Commodity: Meal Soybean	Time period:CY	Units: Metric tons
Exports for:	1999		2000
U.S.			
Others			
Sweden	126073		83378
Finland	15436		9212
Switzerland	9620		13638
Denmark	1152		1705
United Kingdom	4044		20111
Germany			13693
Total for Others	156325		141737
Others not Listed	4675		2414
Grand Total	161000		144151

PSD Table						
Country: Norway						
Commodity: Oilseed, Soybean				(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Crush	317	390	317	390	0	390
Extr. Rate, 999.9999	0.179811	0.179487	0.179811	0.179487	ERR	0.179487
Beginning Stocks	15	25	11	27	10	19
Production	57	70	57	70	0	70
MY Imports	5	4	5	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	2	0	2	0	0	0
TOTAL SUPPLY	77	99	73	97	10	89
MY Exports	10	30	10	35	0	30
MY Exp. to the EC	1	0	1	0	0	0
Industrial Dom. Consum	3	0	4	0	0	0
Food Use Dom. Consump.	52	40	48	40	0	40
Feed Waste Dom. Consum	1	2	1	3	0	5
TOTAL Dom. Consumption	56	42	53	43	0	45
Ending Stocks	11	27	10	19	0	14
TOTAL DISTRIBUTION	77	99	73	97	0	89
Calendar Year Imports	2	4	2	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	10	30	10	35	0	30
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country: Norway	Commodity: Oil, Soybean	Time period: CY	Units: Metric tons
Imports for:	1999		2000
U.S.			
Others			
Germany	1		4
Total for Others	1		4
Others not Listed			
Grand Total	1		4

Export Trade Matrix			
Country: Norway	Commodity: Oil, Soybean	Time period: CY	Units:Metric tons
Exports for:	1999		2000
U.S.			
Others			
Sweden			8937
Germany			6298
Morocco			3385
Netherlands			5727
United Kingdom			1105
Total for Others	0		25452
Others not Listed			4068
Grand Total	0		29520

PSD Table						
Country: Norway						
Commodity: Meal, Fish				(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Catch For Reduction	1050	1100	1050	1100	0	1100
Extr. Rate, 999.9999	0.266667	0.222727	0.266667	0.227273	ERR	0.227273
Beginning Stocks	36	65	36	24	36	39
Production	280	245	280	250	0	250
MY Imports	150	185	150	225	0	240
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	70	125	70	125	0	125
TOTAL SUPPLY	466	495	466	499	36	529
MY Exports	155	86	155	50	0	40
MY Exp. to the EC	149	80	150	50	0	40
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	275	385	275	410	0	430
TOTAL Dom. Consumption	275	385	275	410	0	430
Ending Stocks	36	24	36	39	0	59
TOTAL DISTRIBUTION	466	495	466	499	0	529
Calendar Year Imports	150	185	150	225	0	240
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	155	86	155	50	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country: Norway	Commodity:Meal, Fish	Time period:CY	Units: Metric tons
Imports for:	1999		2000
U.S.			
Others			
Denmark	67144		49324
Iceland	61233		74717
Peru	13546		54419
Total for Others	141923		178460
Others not Listed	2316		6493
Grand Total	144239		184953

Export Trade Matrix			
Country: Norway	Commodity: Meal, Fish	Time period: CY	Units: Metric tons
Exports for:	1999		2000
U.S.			
Others			
United Kingdom	45335		32343
Germany	23390		
France	18430		11200
Denmark	28780		14708
Ireland	6236		4867
Greece	4977		9309
Total for Others	127148		72427
Others not Listed	24582		13721
Grand Total	151730		86148

PSD Table						
Country: Norway						
Commodity: Oil, Fish				(1000 MT)(PERCENT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Catch For Reduction	1050	1100	1050	1100	0	1100
Extr. Rate, 999.9999	0	0.063636	0	0.063636	ERR	0.063636
Beginning Stocks	0	39	0	45	0	35
Production	0	70	0	70	0	70
MY Imports	0	234	0	230	0	240
MY Imp. from U.S.	0	10	0	10	0	10
MY Imp. from the EC	0	36	0	30	0	30
TOTAL SUPPLY	0	343	0	345	0	345
MY Exports	0	98	0	100	0	100
MY Exp. to the EC	0	45	0	45	0	45
Industrial Dom. Consum	0	1	0	1	0	1
Food Use Dom. Consump.	0	20	0	20	0	20
Feed Waste Dom. Consum	0	179	0	189	0	199
TOTAL Dom. Consumption	0	200	0	210	0	220
Ending Stocks	0	45	0	35	0	25
TOTAL DISTRIBUTION	0	343	0	345	0	345
Calendar Year Imports	0	234	0	230	0	240
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	98	0	100	0	100
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country: Norway	Commodity: Oil, Fish	Time period: CY	Units: Metric tons
Imports for:	1999		2000
U.S.	31003		10452
Others			
Denmark	30691		36838
Chile	44597		1892
Iceland	48543		31504
Morocco	4582		4065
Peru	49336		147457
Total for Others	177749		221756
Others not Listed	10306		2190
Grand Total	219058		234398

Export Trade Matrix			
Country: Norway	Commodity: Oil, Fish	Time period: CY	Units: Metric tons
Exports for:	1999		2000
U.S.	2865		2428
Others			
United Kingdom	21728		29956
France	2625		4068
Netherlands	16001		9711
Spain	2001		992
Total for Others	42355		44727
Others not Listed	46550		51183
Grand Total	91770		98338