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Report Highlights:

Norwegian production of farmed salmon decreased for the first time in 10 years.

Greater world market competition, lower world market prices and constraints under Norway's agreement with the EU are factors contributing to this development.

Includes PSD changes: No
Includes Trade Matrix: No
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Executive Summary

According to the Norwegian Seafood Export Council, Norway's exports of seafood exceeded NOK 30.7 billion (US\$ 3.4 billion) in 2001. This is down NOK 754 million (US\$ 83 million) or 2.4 percent from last year's record export. About 36.5 percent of the exported fish were salmon and trout, down 7 percent from the previous year, while white fish accounted for 29 percent and pelagic fish for 21 percent. Japan is still the largest single country market for Norwegian seafood exports. Presently, fish is Norway's second largest export product after gas and oil.

Overall salmon exports were slightly down in volume in 2001, and reached 337,000 MT (product weight) for a value of NOK 10 billion (US\$1.11 billion). This is a reduction of 2 percent in tonnage and 19 percent in value. Of the total of 337,000 MT of salmon exported from Norway in 2001, 260,000 MT (77 percent) was fresh whole salmon. The EU market accounted for as much as 77 percent of this trade. The export of Norwegian fish to U.S. reached 28,000 MT and a value of NOK 124 million.

Norway's total catch of wild fish in 2001, amounted to about NOK 11.2 billion (US\$ 1.25 billion) in first hand value, an increase of about 15 percent from 2000. However, in volume the catch totaled 2.6 MMT, the same amount as in 2000. The trend is toward fewer catches of groundfish and increased catches of pelagic fish, but in 2001, there was a reduction in catches of herring while the capelin catch increased. The diminished groundfish catch is due to quota reductions in recent years which were effected in order to give some consideration to conservation needs. The demersal stock is, in general, in a worse state than the pelagic stock. The total catches of cod, haddock and saithe in 2001 amounted to 427,000 MT, a reduction of only 2 percent from the previous year, but a reduction of 16 percent from 1999.

Production of farmed salmon decreased for the first time in 10 years in 2001, and totalled 411,000 MT. This amounted to a decrease of 5 percent from 2000, compared with a 20 percent increase from 1998 to 1999, and a 4 percent increase the previous year. Production is not expected to increase this year due to lower world market prices and a minimum price agreement with the EU. The feeding quota implemented in Norway in 1996 to resolve its dispute with the EU over salmon export volumes, does not seem to have had a negative affect on fish farmers for the last two years. According to Norwegian calculations, it Norway accounts for about 42 percent of total world production of Atlantic salmon, while its market share was as high as 57 back in 1997. However, Norwegian production could easily be doubled if the demand was larger. At present, Norwegian production is regulated by a feeding quota implemented by Norway to satisfy the European Union in its effort to stabilize production prices in its internal market. The agreement with the EU regarding minimum export prices for Norwegian salmon into the EU has hit Norwegian exports hard in 2001. The agreement should have ended in September 2002, but has been continued until February 2003. The average production cost for salmon producers in 2001 was as low as NOK 14.98 (US\$1.66) per kilo while the average export price for fresh whole salmon was NOK 22.08 (US\$2.45) per kilo. However, it does not help the Norwegian fish farmers that they are producing economically if they are not able to export what they produce. Ironically, while the Norwegian agriculture sector is fighting hard to maintain its high levels of protection and subsidies, the Norwegian fishing sector would likely welcome freer trade.

Production

Catches and Resources

As expected, the total catch of fish was almost unchanged from 2000 to 2001. A decline in the catch of herring was offset by the increase in the catch of capelin fish. The total catches of the main species (cod, haddock and saithe) were roughly unchanged from 2000, and totalled 427,000 MT in 2001. However, the income of fishermen increased by 15 percent due to a price increase for herring and mackerel. The total catch reached 2.646 MMT tons in 2001, for a value of NOK 11.2 billion (US\$ 1.2 billion). The disposition of landings was almost unchanged from 2000. In 2001, about 41 percent went for the frozen market and 43 percent for meal and oil, while only 7 percent was sold as fresh fish. Five years ago, only about 21 percent went for frozen market while 29 percent was sold as fresh.

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. This is especially true for demersal stocks. Pelagic stocks seem to be less threatened. There is a particular concern for Northeast Arctic cod. However, cannibalism among cod has apparently been reduced likely due to increased capelin stock. The spawning stock biomass (SSB) has increased and is expected to amount to about 500,000 MT in 2003. While the SSB for haddock is in balance with demand, the SSB for saithe is now within safe limits.

Total catches and disposition of landings in round weight

	Quantities in metric tons		
	2000	2001	est.2002
Total catches	2,682,000	2,646,000	2,490,000
Main disposition:			
Fresh	175,000	182,000	160,000
Mince fish,roe and frozen	1,165,000	1,182,000	900,000
Dried	26,000	25,000	25,000
Salted	210,000	211,000	200,000
Semi canning	4,000	3,000	4,000
Meal oil animal feed	1,100,000	1,127,000	1,200,000
Bait and other	1,000	1,000	1,000

Source: Directorate of Fisheries

	Metric tons round weight.			
	1999	2000	2001	est. 2002
Cod	256,700	220,000	207,000	196,000
Haddock	53,400	45,900	52,000	56,000
Saithe	198,100	169,300	168,000	165,000
Total	508,200	435,200	427,000	417,000

Source: Directorate of Fisheries

Cod resources and quotas

For 2001, the International Council for Exploration of the Sea (ICES) recommended an overall Northeast arctic cod quota of no more than 263,000 MT. However, the Russian/Norwegian Fishing Commission continued to ignore ICES recommendations and set the quota at 435,000 MT, including 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 should be caught around Svalbard. Norway's quota is 195,550 MT and Russia's is 183,550 MT.

The total catch of cod in 2001 is reported to have been 437,000 MT of which about 15,000 MT was Norwegian coastal cod. The Norwegian catch, including coastal cod, was reported at 207,000 MT, which was 6 percent lower than in 2000. The Northeast Arctic cod stock continues to decline. According to the Norwegian Marine Research Institute, the latest assessment, North-East Arctic cod stock was estimated to be around 1.2 MT in 2002, compared with 1.3 MT 2000. The spawning stock was estimated at 270,000 MT in 2002. The current spawning stock biomass is under and the exploitation rate is over biologically safe limits. Nevertheless, the Russian/Norwegian Fishing Commission set the 2002 quotas at the identical levels in 2002 as in 435,000 MT, including 40,000 MT of coastal Norwegian cod.

Haddock resources and quotas

For 2001, the Russian/Norwegian Fishing Commission agreed on a total haddock quota of 85,000 MT, i.e., an increase of 23,000 MT from 2000. Russia's quota was 25,400 MT and Norway's quota was 56,300 MT, including coastal haddock. Third countries were given a 4,400 MT quota.

According to official statistics, the total haddock catch under the agreement amounted to 68,000 MT in 2001. The Norwegian catch of haddock in 2001 amounted to 52,000 MT, which was within the country's limit. The spawning stock for 2001 was calculated at 79,000 MT. Total stocks were calculated at 267,000 MT for 2002.

For the year 2002, the Russian/Norwegian Fishing Commission agreed on identical quota levels and allocations as in 2001.

Saithe catches and resources

The Norwegian saithe catch is divided between the North Arctic stock and the North Sea stock. According to the Marine Research Institute, the stock of North Arctic saithe has registered a decrease in recent years. The ICES advised a total quota of 152,000 MT for 2002 for North Arctic Saithe. Norway dominates this market, and of a total of 152,000 MT, Norway will catch 142,000 MT in 2002. According to the Norwegian/EU agreement, Norway's total quota of North Sea and Skagerak saithe for 2001 was 45,000 MT. For 2002, a quota of 70,200 MT was allocated to Norway. This entire quota can be fished in the EU zone. In 2001, total Norwegian catches of saithe reached 168,000 MT (in both the North Arctic and the North Sea area). This is about the same as in the previous year.

Structure of Norwegian seafood industry

Currently, Norway has a fishing fleet of about 13,000 vessels employing 20,000 fishermen. About 70 percent of all fishermen report fishing to be their main occupation. The fishing industry has 500 processing plants which employ about 12,500 workers. Fish farming licenses total approximately 1,200 and this industry accounts for about 3,500 man-years of labor.

Salmon production

Total Norwegian production of salmon decreased for the first time in 10 years. The decrease is attributed to low prices in the EU market and tougher competition. Salmon is, however, still the most important farmed "animal" in Norway. Production amounted to 411,000 MT round weight, a decrease of about 5 percent from the previous year. For the first time in 4 years, the value of total production was below NOK 10 billion. The production of salmon per man-year in Norway has increased from 58 MT in 1990 to 313 MT in 2001. However, while the profit for Norwegian fish farmers, according to Directorate of Fisheries, was a record NOK 4 billion (US\$ 444 million) in 2000, profit for 2001 was calculated at NOK 99 million (US\$ 11 million). Feed use for salmon also decreased from about 625,000 MT in 2000 to about 588,000 MT in 2001. This was attributed to both lower production, and the fact that lower temperatures resulted in less feed consumption.

Another factor which is important for the Norwegian fish farmers is the amount of smolt used. While the smolt used in 1993 was 63 million, the number increased to 133 million in 2001. It is expected that smolt stock for the next few years will increase by 5-10 percent, and thereafter reflect yearly increases in feed quotas.

The 411,000 MT Norwegian production of Atlantic salmon represented a reduced share of world production in 2001. The approximately 820 Norwegian fish farm concessions in operation provided employment amounting to about 2,200 man-years.

Norwegian Salmon production and disposals in 1,000 MT.

	1999	2000	2001	est. 2002
Total production(round weight)	420	437	411	415
Total export(product weight)	338	344	337	340
Total consumption(product weight)	12	14	15	15

Production costs and sales prices

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, slaughtering costs and interest on capital are not included. These additional costs amounted to about NOK 3.22 per kilo in 1999, NOK 3.17 in 2000, and NOK 3.34 per kilo in 2001.

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

	1998	1999	2000	2001
Smolt cost	2.23	2.44	2.37	2.16

Feed cost	9.71	8.48	7.99	7.92
Insurance	0.25	0.27	0.25	0.36
Wages	1.61	1.49	1.54	1.42
Other operating costs	2.61	2.61	3.05	2.69
Net interest costs	0.77	0.81	0.46	0.43
Production cost	17.18	16.10	15.66	14.98
Average export price	28.01	27.95	30.65	22.08

In 2001, the cost of production was the lowest ever. The lowest average production cost per kilo is realized in the middle of Norway, while the highest cost is in the counties in the North. The disparity between farms is large, as production costs could be as low as NOK 10 per kilo for some, but as high as NOK 30 per kilo for others. According to the data from the Directorate of Fisheries, it was mainly the lower smolt cost which resulted in lower production costs, while feed costs increased slightly.

Consumption

The Norwegian Seafood Export Council, which is responsible for the marketing of fish in Norway, began research on Norwegian consumption of fish in 1994. In 1995, private consumption was about 58,500 MT. Currently, it is about 89,000 MT including 10,000 MT of private catch. This figure, however, does not include consumption in the hotel, restaurant and institution (HRI) sector which is estimated at 15,000 metric tons per year. In total, the average annual per capita consumption in Norway is about 23 kilos. Norway has a goal of increasing private consumption to 95,000 MT in 2002/2003.

Consumption of seafood is reportedly increasing in urban areas. Grocery retail chains account for 85 percent of total fish sales in Norway, and the trend is toward even higher market shares in the future. The larger grocery retailers are expanding the availability of fresh fish in their stores to attract health-conscious consumers.

In 2001, the Norwegian Export Council spent about NOK 18.5 million (US\$ 2.0 million) out of a total budget of NOK 340 million (US\$ 38 million) in their efforts to promote fish in the domestic market. It is distributing brochures, participating in smaller fairs and festivals, and supporting TV commercials. Several fish promotion programs were launched which targets the young generation by supporting the use of fish in school meals and cooking lessons.

Trade

Total exports in 2001 amounted to more than NOK 30.7 billion (US\$ 3.4 billion), which is down NOK 754 million (US\$ 84 million) from last year or 2.4 percent. Of this amount, farmed salmon accounted for NOK 10 billion (US\$ 1.11 billion), down 18.6 percent from 2000. Pelagic fish, however, had a record export of NOK 7.4 billion (US\$ 820 million). Total export volume in 2001 amounted to 2.0 MMT, which was 110,000 MT less than in 2000.

In 1991, the Ministry of Fisheries established the Norwegian Seafood Export Council situated 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 2001, there were 513 approved exporters which supplied 2,000 products to more than 154 countries. It is important to note that this organization 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 associated with seafood exports.

The Council's original budget for 2001, was the largest ever at NOK 387 million (US\$ 43 million). Of this amount, NOK 18 million (US\$ 2 million) was designated for use in the domestic market, and the balance was to be used to promote exports. However, the amount actually used was only NOK 340 million (US\$ 38 million) which was about the same as in 2000.

FISHING TRADE (million US\$):				
	1998	1999	2000	2001
Total Imports (CIF)	493	457	434	475
Total Exports (FOB)	3,542	3,759	3,454	3,292
Trade Balance	3,049	3,302	3,020	2,817
Total Imports from U.S.	40.6	30.7	28.8	38.6
Total Exports to U.S.	128.1	171.3	146.5	117.1
Trade Balance w/U.S.	87.5	140.6	117.7	78.5
Pct. Imports from U.S.	8.2%	6.7%	6.6%	8.1%
Pct Exports to U.S.	3.6%	4.6%	4.4%	3.6%

The EU is by far the most important market for Norwegian fish exporters. In 2001, the EU accounted for 55 percent of the total export value, which was 3 percent less than in 2000. Among the single country markets in the world, Japan (13.3%), Denmark (9.9%), France (7.6%), and Great Britain (7.2%) were the most important destinations for Norwegian seafood. Salmon and cod are the most important species exported, together accounting for 50.9 percent of total export value in 2001, which was a reduction of 7 percent from the previous year. Norwegian salmon, alone, represented 33 percent of total export value and was shipped to more than 50 countries.

It is important to note that while overall exports to the EU are declining, exports to Eastern

European countries are increasing considerably. In 2001, exports to Eastern European destinations increased by 37.5 percent to a total of NOK 4.3 billion (US\$ 478 million). Exports to Russia increased by 41.2 percent to NOK 1.5 billion (US\$ 167 million). Economic recovery in these countries is increasing demand.

Total Norwegian export of fish in tons and US\$ in product weight

	Metric tons		Value US\$ MILL	
	2000	2001	2000	2001
Total	2,142,914	2,031,389	3,572	3,406
EU	951,815	903,556	2,080	1,885
Japan	261,993	258,170	480	456
Denmark	307,913	296,721	416	336
France	106,791	91,000	306	259
Germany	75,040	69,920	188	162
Great B.	156,507	135,607	306	245
Sweden	60,056	60,186	186	186
Portugal	42,685	44,655	201	207
Russia	214,476	207,430	119	165
Italy	26,750	27,444	146	156
USA	36,554	28,374	156	124

Total exports by fish species

	Metric tons		Value US\$ MILL	
	2000	2001	2000	2001
Total	2,142,914	2,031,389	3,572	3,406
Salmon	343,712	337,586	1,397	1,110
Trout	27,617	44,371	111	120
Cod	147,057	128,223	670	626
Saithe	83,150	83,327	149	155
Haddock	33,615	32,959	96	91
Herring	638,015	516,802	271	378
Mackerel	339,349	329,934	272	326
Prawn	43,100	34,026	173	135
Other	487,299	524,161	433	465

Rate of exchange

1 US\$ = NOK 9.00 in 2000

1 US\$ = NOK 9.00 in 2001

Trade Trends White Fish

According to the Norwegian Seafood Export Council, exports of fresh and frozen white fish amounted to NOK 3.9 billion (US\$ 433 million) in 2001. This represents a decrease of 23 percent from 2000. The reduction in exports was mainly attributable to greater competition from other cod and haddock producers, mainly from species like Alaska Pollock, Hake and Hoki. The reduction was highest for frozen filets of cod, haddock, saithe, redfish and catfish, which together dropped by 21 percent. Exports to the U.K. alone plummeted by 31 percent. Exports of whole fresh white fish fell by 5 percent and frozen whole fish exports declined by 4 percent. The main markets for Norwegian white fish are the U.K., Denmark, France, the U.S. 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:

Because of a lack of resources and catch quotas as well as increased competition, exports of Norwegian cod in 2001 decreased for the fifth year in a row in volume. The largest drop has been in the overall whitefish market while conventional products have increased in both volume and value in 2001. However, export value in Norwegian Kroner has remained relatively unchanged. Of the different products exported, frozen filets and klipfish contribute most to volume and value. In 2001, the export of round frozen cod has been reduced considerably. The main reason for this might be the difficulties some exporters have experienced in exporting fish to Denmark. Apparently Danish customs authorities have found that fish of Russian origin (which has a 12 percent duty has been exported as fish of Norwegian origin (which has zero duty). The dispute between the EU and Norwegian exporters has not yet been settled.

For Norwegian frozen filets of cod, the best market in 2001 was the United Kingdom with a 37 percent share of total exports. The United States followed with a 16 percent share in terms of volume. These results represents a 9 percent reduction in exports to the UK, but a 1 percent increase in exports to the U.S. In dealing with the shortage of white fish, Norwegian exporters had in the past given the priority to supplying cod to the United Kingdom over other customers. It is also of interest to note, however, that U.S. importers of filets of cod paid on average one dollar and fifty cents more per kilo than did the United Kingdom. Denmark and France were still the largest markets for fresh cod. Denmark alone imported about 50 percent of Norway's exported volume. For conventional products like clip fish and salt fish, Portugal, Brazil and Spain were the largest markets.

The total export value of cod products from Norway in 2001 was NOK 5.6 billion (US\$ 622 billion). Cod products accounted for about 18 percent of total Norwegian fish exports.

	Metric tons			Value US\$ 1000		
	1999	2000	2001	1999	2000	2001
Fresh	19,600	20,500	17,569	44,588	48,556	49,315
Round frozen	25,600	21,800	13,903	52,706	47,889	32,100
Frozen filet/block	44,600	41,000	30,624	213,647	195,555	149,119
Salted	40,500	25,500	27,682	176,470	99,445	116,910
Clip fish	32,000	32,000	32,481	200,000	196,444	207,048
Dried fish	7,400	6,257	3,630	65,060	67,444	56,656
Sum product weight	169,700	147,057	125,889	752,471	655,333	611,148

Rate of exchange**1 US\$ = NOK 8.50 in 1999****1 US\$ = NOK 9.00 in 2000****1 US\$ = NOK 9.00 in 2001****Haddock products:**

There has been little change in the total export of haddock which in 2001 amounted to 33,000 MT. Almost all fresh haddock are exported to the EU where Denmark and the United Kingdom are the largest buyers. The U.S is Norway's second largest customer for frozen haddock and haddock filets after the UK. In 2001, the U.S. imported about 5,000 tons of frozen haddock from Norway.

Main Norwegian Exports of haddock products 1999-2001

	Metric tons			Value US\$ 1000		
	1999	2000	2001	1999	2000	2001
Fresh	10,812	12,200	12,918	19,882	23,334	29,352
Round frozen	15,500	12,700	12,755	34,941	29,055	26,006
Frozen filet/block	8,713	8,400	7,462	41,882	40,177	34,166
Sum product weight	35,025	33,300	33,135	96,705	92,566	89,524

Rate of exchange**1 US\$ = NOK 8.50 in 1999****1 US\$ = NOK 9.00 in 2000****1 US\$ = NOK 9.00 in 2001**

Saithe Products

In 2001, saithe exports were little changed from 2000 in terms of total volume and value. Denmark is the largest importer of fresh saithe, while Germany is a large consumer of frozen saithe. Frozen saithe exports to Eastern European countries like Ukraine, Russia and Poland has increased. The increase in clip fish exports is due to larger volumes to important markets like Portugal and Brazil. Brazil in particular is shifting its clipfish demand from cod to saithe, which is a cheaper alternative. Today, clip fish from saithe account for 53 percent and cod only for 22 percent of the Brazilian market.

Main Norwegian Exports of Saithe 1999-2001

	Metric tons			Value US\$ 1000		
	1999	2000	2001	1999	2000	2001
Fresh	20,100	20,600	20,713	18,259	16,488	21,472
Frozen filet	17,076	17,800	15,382	42,570	36,500	36,288
Clip fish	20,200	27,700	29,525	59,035	65,800	73,517
Other	13,587	17,050	17,707	26,514	26,646	13,750
Sum product weight	70,963	83,150	83,327	146,378	145,434	145,027

Rate of exchange

1 US\$ = NOK 8.50 in 1999

1 US\$ = NOK 9.00 in 2000

1 US\$ = NOK 9.00 in 2001

Trade Trends for Salmon

Norway's total salmon exports in 2001 amounted to 337,000 MT in product weight with a value of NOK 9.99 billion (US\$ 1.11 billion) compared with 343,000 MT valued at NOK 12.29 billion (US\$ 1.197 billion) in 2000. This decrease in volume of only 1.6 percent and in value of about 18.6 percent is apparently due to the minimum export prices of Norway's salmon agreement with the EU as well as a global increase in production in 2001. Of the total salmon export volume, 81 percent was fresh salmon (filet or whole), 15 percent was frozen salmon and only about 1 percent was smoked salmon. However, the United States was Norway's largest importer of smoked salmon in 2001, although the amount was only about 1,200 MT. In 2001, Norwegian exports to the EU fell for the first time in years, decreasing by 7 percent in volume, and 21 percent in value. The reason for this fall is the low world market prices, which has given Norwegian fish exporters problems in maintaining the minimum export prices to the EU market (see EU agreement below). France, Denmark and Germany are by far the most important importers in Europe, but Denmark is more a transit market than a consumer market for Norwegian salmon. Aside from the EU, Japan is the largest market for Norwegian salmon, and imported about 29,250 MT of fresh and frozen salmon in 2001.

Norwegian salmon, fresh (whole or eviscerated) export

	1997	1998	1999	2000	2001
Germany	18,583	18,936	19,438	18,102	18,679
Denmark	49,913	59,758	59,147	73,823	60,055
Spain	14,614	12,934	17,854	15,099	14,751
France	44,250	46,153	47,780	47,318	45,527
Japan	15,442	16,561	21,660	25,031	26,734
Italy	10,643	10,273	9,495	9,723	10,038
Britain	8,430	9,780	14,435	11,186	9,793
Sweden	11,054	11,346	13,315	13,776	13,944
Belgium	6,136	6,277	6,290	6,321	5,159
United States	97	123	711	704	826
Other	26,290	29,554	42,448	45,168	55,022
Total	205,452	221,695	252,573	266,251	260,528

Norwegian salmon, bred frozen whole, export.

	Metric tons, product weight				
	1997	1998	1999	2000	2001
Japan	5,210	2,854	6,612	4,508	1,461
Russia	6,321	6,106	3,958	5,051	10,052
Denmark	1,492	1,181	329	581	344
France	1,237	994	859	652	454
United states	1,032	1,385	2,572	3,027	2,297
Other	12,240	11,443	15,335	14,760	16,456
Total	27,532	23,963	29,665	28,579	31,064

Norwegian salmon filet export (fresh and frozen)

	Metric tons, product weight				
	1997	1998	1999	2000	2001
Germany	4,246	4,991	5,629	5,589	4,978
Japan	2,850	2,839	5,735	5,897	7,208
France	5,449	4,442	5,183	5,200	4,789
Denmark	4,181	3,945	3,018	2,001	2,224
United States	550	1,544	7,042	5,242	3,683
Other	7,126	7,739	9,825	10,075	10,811
Total	24,402	25,500	36,432	34,004	33,693

EU-Norway Salmon Agreement

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 anti-dumping 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 is 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 which can be effected under special circumstances.

In the years 1997 to 2000, Norwegian exporters benefitted greatly from the salmon agreement with EU, which in 2000, resulted in the highest profit ever for Norwegian salmon farmers. However, when competition grew and the world market price fell below the minimum prices, Norwegian exporters had problems competing. Several Norwegian exporters have since last fall been assessed penalties of 12-15 percent on their salmon exports to the EU. Norway has been having ongoing discussions with the EU regarding the special agreement, which thus far have resulted in an extension of the agreement until February 28, 2003. This will mean that the Norwegian exports to the EU will be reduced in both 2002 and 2003 should the low world market prices continue.

Factors Affecting U.S. Trade

In 2001, exports of fish from Norway to the U.S. decreased from the previous year both in terms of volume and value. This was especially true for exports of cod and haddock filets. Norwegian salmon exports to the U.S. also fell despite the substantial increase in salmon consumption in the U.S. In the U.S. market, Norwegian salmon cannot compete in price with salmon from Chile and Canada on the U.S. market. Norwegian exporters are adjusting to U.S. consumer preferences by supplying the market with fish in a fileted and ready-to-eat form. In 2001, the U.S. was ranked as the eleventh largest market for Norwegian seafood, which was down three places from the previous two years. Although the U.S. accounted for less than 4 percent of Norway's total exports, Norway views the U.S. market as the market with the largest potential. In 2001, the Norwegian Seafood Export Council spent about US\$ 1.9 million for marketing activities to promote Norwegian fish in the U.S., and this budget will likely increase in the coming years. Aside from its activities with the American Culinary Federation, the Norwegian Seafood Export Council is also cooperating with Johnson & Wales University, one of the largest universities for chefs. The Council continuously has chefs on the road in U.S. who hold seminars called "The Art of Norwegian Seafood." Seminar evaluations report that 86 percent of the participants express preference for purchasing Norwegian seafood for

their restaurants. New partners for Norwegian Seafood Export Council include the National Association for College & University Food Service Management (NACUFS) and the Society for Food Service Management (SFM). They also participate in the Seafood Summit in Colorado, and the Boston Seafood Show. Norwegian seafood exports to the U.S. are mainly targeted to the hotel, restaurant and institutional market rather than the U.S. household.

Main Norwegian Exports of Fish Products to U.S.

Products	Metric tons			Value US\$ 1000		
	1999	2000	2001	1999	2000	2001
Frozen fil. of cod	6,234	4,488	4,074	36,492	27,946	19,230
Frozen haddock	5,574	3,875	2,953	13,872	10,614	7,778
Frozen filet of haddock	1,431	1,811	1,886	12,666	9,847	9,687
Canned sardines	812	1,116	790	6,358	9,994	7,364
Frozen salmon	2,823	3,288	2,660	10,330	14,072	9,286
Frozen filet of salmon	1,653	1,611	1,594	11,986	14,068	12,592
Fresh salmon	711	704	828	2,630	2,890	2,726
Fresh filet of salmon	5,389	3,631	2,089	29,707	21,914	10,834
Frozen mackerel	2,020	2,979	3,134	2,238	2,867	3,706
Smoked salmon	878	950	1,197	8,583	10,301	10,301
Unaccounted others	10,361	12,101	7,171	34,438	31,055	30,611
GRAND TOTAL	37,886	36,554	28,376	169,300	155,568	124,115

Main Norwegian Imports of Fish Products from U.S.

	1999	2000	2001	1999	2000	2001
Peeled froz shrimp	197	112	96	1,334	694	241
Frozen cod	7,229	8,293	11,178	19,397	22,277	34,107
Unaccounted other	2,342	1,363	2,327	7,939	5,189	2,520
GRAND TOTAL	9,768	9,768	13,601	28,670	28,160	36,868

Rate of exchange

1 US\$ = NOK 8.50 in 1999

1 US\$ = NOK 9.00 in 2000

1 US\$ = NOK 9.00 in 2001

Norwegian Import Market for Seafood.

Norway's imports of fish and seafood amount to about US\$ 500 million per year. The majority of imports are for use by either the fish farming industry or the processing industry for export products. There is, nevertheless, a market for "specialty products" like scallops, mussels, oysters, and live and frozen squid, which is intended for the retail and HRI trade. Such imports currently amount to about \$3 million annually. 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\$ 50 million.

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