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USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 11/24/2003

GAIN Report Number: NO3003

Norway

Fishery Products

Annual

2003

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Report Highlights:
The total catch of fish was the highest since 1998 and the production of farm-raised salmon was the highest ever in Norway. However, low world market prices have caused problems for the Norwegian fish farming and processing industries.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Stockholm [SW1]
[NO]

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Executive Summary

According to the Norwegian Seafood Export Council, Norway's exports of seafood amounted to NOK 28.7 billion (US$ 3.5 billion) in 2002. This is down NOK 2 billion (US$ 250 million) or 6.5 percent from last year, and down for the second year in a row. About 38 percent of the exported fish were salmon and trout, up 2 percent from the previous year, while white fish accounted for 28 percent of exports and pelagic fish for 22 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 in volume increased in 2002, and reached 361,000 MT (product weight) for a value of NOK 9.5 billion (US $1.18 billion). This is the highest-ever volume of salmon exported from Norway. While export volume was up by 6.6 percent, value dropped by 5 percent. Of the total of 361,000 MT of salmon exported from Norway in 2002, 276,000 MT (76.5 percent) was fresh whole salmon. The EU market accounted for 78 percent of this trade. Exports to the U.S. amounted to 48,500 MT for a value of NOK 1,293 million (US $163 million).

Norway's total catch of wild fish in 2002, amounted to about NOK 11 billion (US$ 1.4 billion) in first hand value, which is slightly down from 2001. However, in volume the catch totaled 2.7 MMT, which was 1 MMT higher than in 2001. The trend of a lower catch of groundfish and increased catch of pelagic fish continued in 2002. Several important fish stocks still need protection and strong regulatory measures to come within biologically safe limits. The demersal stock is, in general, in a worse state than the pelagic stock. Catches of cod, haddock and saithe in 2002 totaled 482,000 MT, an increase of 13 percent from the previous year, mainly due to an increased catch of saithe.

After a decrease for the first time in 10 years in 2001, production of farmed salmon increased by 8 percent in 2002 and totaled 444,000 MT. Production in 2003 is expected to be about the same or slightly less due to lower world market prices. According to Norwegian calculations, Norway accounts for about 42 percent of total world sales of Atlantic salmon. 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 feeding quota, implemented in Norway in 1996 to resolve its dispute with the EU over salmon export volumes, will continue both in 2003 and 2004, but will be abolished beginning January 1, 2005. Norway's agreement with the EU regarding minimum export prices for sales of Norwegian salmon to the EU was discontinued in June 2003. The average production cost for salmon in 2002 increased slightly due to higher feed costs to NOK 16.06 (US $2.00) per kilo, while the average export price for fresh whole salmon was NOK 23.34 (US $2.92) per kilo.

Production

Catches and Resources

Norway's total catch of fish increased from 2001 to 2002, reaching its highest level since 1998. The total catch reached 2.731 MMT tons in 2002 for a value of NOK 11.0 billion (US $1.4 billion). Large increases in the catch of saithe and capelin especially contributed to the increase. Catches of the main species (cod, haddock and saithe) totaled 482,000 MT in 2002, an increase of 13 percent from the previous year.

The disposition of landings was changed little fro m 2001. In 2002, about 38 percent went to the frozen fish market and 44 percent for meal and oil, while only 8 percent was sold as fresh fish. Six years ago, only 21 percent of the catch went to the frozen market while 29 percent was sold as fresh fish.

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. The demersal stocks in general are still in a worse state than the pelagic stocks. A minor increase in the spawning stock biomass (SSB) of Northeast Arctic cod has been observed. However, the improvement predicted for 2003 is now not expected to be realized until perhaps in 2004. While the SSB for haddock is in balance with demand, and could increase, the SSB for saithe is still within safe limits.

Total catches and disposition of landings round weight:			
	Quantities in metric tons		
	2001	2002	est. 2003
Total catches	2,646,000	2,731,000	2,630,000
Main disposition:			
Fresh	182,000	213,000	200,000
Mince fish,roe and frozen	1,182,000	1,046,000	1,000,000
Dried	25,000	32,000	25,000
Salted	211,000	238,000	200,000
Semi canning	3,000	4,000	4,000
Meal oil for animal feed	1,127,000	1,197,000	1,200,000
Bait and other	1,000	0	1,000
Source: Directorates of Fisheries			

Total catches of the main groundfish reported:				
	Metric tons round weight			
	2000	2001	2002	est. 2003
Cod	220,000	207,000	227,000	200,000
Haddock	45,900	52,000	54,000	56,000
Saithe	169,300	168,000	201,000	180,000
Total	435,200	427,000	482,000	436,000

Cod resources and quotas

For 2002, the International Council for Exploration of the Sea (ICES) recommended an overall Northeast arctic cod quota of no more than 181,000 MT. However, the Russian/Norwegian Fishing Commission continued to ignore ICES recommendations and set the quota at 395,000 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 was to be caught around Svalbard. Norway’s quota is 195,550 MT and Russia’s is 183,550 MT.

The total catch of cod in 2002 is reported to have been approximately 430,000 MT, not including Norwegian coastal cod. The Norwegian catch, including costal cod, was reported at

227,000 MT, which was 10 percent higher than in 2001. According to the Norwegian Marine Research Institute North-East Arctic cod stock was estimated to be around 1.3 MMT in 2002, compared with 1.2 MMT in 2001. The spawning stock biomass was estimated at 430,000 MT for the year 2003. The current spawning stock biomass is below biologically sustainable units and the exploitation rate is over biologically safe limits. Nevertheless, the Russian/Norwegian Fishing Commission set the 2003 quotas at levels identical to those in 2002 -- 395,000 MT, including 40,000 MT of coastal Norwegian cod.

Haddock resources and quotas

For the year 2002, the Russian/Norwegian Fishing Commission agreed on haddock quota levels and allocations identical to those in 2001. Russia's quota was 25,400 MT and Norway's quota was 56,300 MT, including costal haddock. Third countries were given a 4,400 MT quota.

According to official statistics, the total haddock catch under the agreement amounted to 85,000 MT in 2002. The Norwegian catch of haddock in 2002 amounted to 54,000 MT, which was within the country's limit. Strong immature cod populations spawned in 1999 and 2000 seem to dominate the stock. As a result it is possible for Norway to increase its catch by 20 percent from 85,000 MT to 101,000 MT.

Saithe catches and resources

The Norwegian saithe catch is divided between the North Arctic stock and the North Sea stock. According to the Norwegian Marine Research Institute, the stock of North Arctic saithe has registered an increase. The ICES recommended a total quota of 152,000 MT for 2002 for North Arctic Saithe. However, during the year this quota was increased by the Norwegian Ministry of Fisheries to 162,000 MT. In addition, according to the Norwegian/EU agreement, Norway's total quota of North Sea and Skagerak saithe for 2002 was 66,000 MT. For 2003, a quota of 85,800 MT was allocated to Norway. This entire quota can be fished in the EU zone. In 2001, total Norwegian catches of saithe reached 201,000 MT.

Structure of Norwegian seafood industry

Currently, Norway has a fishing fleet of about 12,000 vessels employing 19,000 fishermen. About 72 percent of all fishermen report fishing to be their main occupation. The fishing industry has 581 processing plants, which employ about 13,500 workers. Fish farming licenses totaled approximately 2,575 and this industry accounts for about 4,500 employees.

Salmon production

Total Norwegian production of salmon increased in 2002, after suffering its first decrease in 10 years during 2001. The 2002 increase was 8 percent over the 2001 production levels, and was the highest ever. Salmon is still the most important farmed "animal" in Norway. However, increased production of Norwegian rainbow trout might have an affect on the overall market. In 2002, production of salmon amounted to 444,000 MT round weight, and the production of trout was 77,000 MT, an increase of 17 percent for trout from 2001. The production of salmon per man-year in Norway has increased from 58 MT in 1990 to 351 MT in 2002. 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), and the industry recorded a loss of NOK 1.4 Billion in 2002. This precipitous decline in profitability is attributed to a crash in world market prices for salmon.

Limitations, imposed by government regulation, on the amount of feed given to farm raised fish has helped regulate production. For example, feed use for salmon, which decreased from about 625,000 MT in 2000 to about 588,000 MT in 2001. This correlated to reduced production in 2001. Feed use increased by 6 percent in 2002. The total sale of feed to the fish farmers producing both salmon and trout was reportedly 733,000 MT in 2002, which correlated to increased production in 2002.

Another factor, which is important for the Norwegian fish farmers is the amount of smolt used. While, in 1993, 63 million smolt were used by the industry, the number increased to 133 million in 2001, and reached 137 million in 2002. It is not expected that smolt stock for the next two years will increase. However, in August 2003, the Ministry of Fisheries, decided that the feed quotas for salmon would be abolished starting on January 1, 2005. After that date, fish farmers will be able to feed their fish as they like. Some concern has been expressed about this leading to a futher rapid depression in salmon prices as over-production becomes more likely.

The 444,000 MT Norwegian production of Atlantic salmon represented a reduced share of world production in 2002 to 42 percent. It is unlikely that Norway will recapture the market share it had in the 1990's of 50-55 percent. The approximately 840 Norwegian salmon fish farm concessions in operation provided employment amounting to about 2,200 man-years.

Norwegian Salmon production and disposals in 1,000 MT.

	2000	2001	2002	est.2003
Total production (round weight)	437	411	444	435
Total export (product weight)	344	337	361	350
Total consumption (product weight)	14	15	15	15

Production cost 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 and interest on capital are not included, but for 2001 and 2002 the slaughtering costs are included.

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

Salmon, fresh - production costs per kilo and avg.export price				
	1999	2000	2001	2002
Smolt cost	2.44	2.37	2.16	1.97
Feed cost	8.48	7.99	7.92	8.98
Insurance	0.27	0.25	0.36	0.29
Wages	1.49	1.54	1.42	1.31
Other operating costs	2.61	3.05	2.69	2.69
Net interest costs	0.81	0.46	0.43	0.82
Total production cost	16.10	15.66	14.98	16.06
Slaughtering cost			2.46	2.49
Average export price	27.95	30.65	22.08	23.34

In 2001, the cost of production was the lowest ever. However, in 2002 production costs per kilo of fish increased about 7 percent. 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 11 per kilo for some, but as high as NOK 30 per kilo for others. According to the data from the Directorate of Fisheries, smolt costs continue to drop, while feed costs increased considerably in 2002 (12.5 percent).

Consumption

The Norwegian Seafood Export Council, which is responsible for the generic marketing of Norwegian fish and seafood products, began research on Norwegian consumption of fish in 1994. In 1995, private consumption was about 58,500 MT. Currently, it is about 85,300 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 of fish in Norway was about 22 kilos in 2002. Of this amount, approximately 17.5 kilos per capita of consumed fish was purchased from commercial outlets.

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 2002, the Norwegian Seafood Export Council spent about NOK 10 million (US$ 1.25 million) out of a total marketing budget of NOK 196 million (US$ 24.5 million) in their efforts to promote fish in the domestic market. It is distributing brochures, participating in small fairs and festivals, and supporting TV commercials. Several fish promotion programs were launched targeting the younger generation by supporting the use of fish in school meals and cooking lessons.

Trade

Trade General

Total Norwegian fish exports in 2002 amounted to more than NOK 28.7 billion (US $3.5 billion), down NOK 2 billion (US $250 million) from 2001 or 6.5 percent. Of this amount, farmed salmon accounted for NOK 9.5 billion (US $1.19 billion), down 4.7 percent from 2001. Pelagic fish accounted for exports of NOK 6.2 billion (US $775 million), and exports of white fish (except klip fish, salted fish and dried fish) totalled NOK 3.8 billion (US $475 million). Total export volume of seafood from Norway in 2002 amounted to 2.1 MMT, which was 100,000 MT more than in 2001. While the export volume increased, the value dropped as a result of the strong Norwegian Kroner and increased production costs.

The Norwegian Seafood Export Council, which was established in 1991 by the Ministry of Fisheries is 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 2002, there were 536 approved Norwegian exporters, which supplied 2,000 products to more than 130 countries. It is important to note that the Norwegian Seafood Export Council 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 marketing budget for 2002 was cut by 42 percent after it had received its largest-ever budget in 2001. The total 2002 marketing budget was NOK 196 million (US $24.5 million). Of this amount, NOK 10 million (US $1.25 million) was designated for use in the domestic market, and the balance was to be used to promote exports. The reason for the drastic cut was an expected reduction in export fees for export of salmon to EU. However, this fee was not discontinued until May 2003, and the surplus was used to strengthen the Council's capital.

FISHING TRADE (million US$):				
	1999	2000	2001	2002
Total Imports (CIF)	457	434	475	475
Total Exports (FOB)	3,759	3,454	3,292	3,586
Trade Balance	3,302	3,020	2,817	3,150
Total Imports from U.S.	30.7	28.8	38.6	28.6
Total Exports to U.S.	171.3	146.5	117.1	162
Trade Balance w/U.S.	140.6	117.7	78.5	133.4
Pct. Imports from U.S.	6.7%	6.6%	8.1%	6.6%
Pct Exports to U.S.	4.6%	4.4%	3.6%	4.5%

The EU is by far the most important market for Norwegian fish exporters. In 2002, the EU accounted for 54 percent of total export value. Among the single country markets in the world, Japan (12.8%), Denmark (10.3%), France (10.3%), and the United Kingdom (7.0%) were the most important destinations for Norwegian seafood. However, Russia has drastically increased its imports from Norway and now has a market share of 6.3 percent.

Salmon and cod are the most important species exported, together accounting for 51.3 percent of total export value in 2002. Norwegian salmon alone represented 33 percent of total export value and was shipped to more than 50 countries.

The Norwegian total exports of fish in tons and U.S $ in product weight.

	Metric tons			Value US$ MILL	
	2001	2002		2001	2002
Total	2,031,389	2,109,323		3,406	3,586
EU	903,556	973,859		1,885	1,934
Japan	258,170	251,620		456	459
Denmark	296,721	380,732		336	368
France	91,000	89,679		259	272
Germany	69,920	72,975		162	174
Great B.	135,607	128,637		245	252
Sweden	60,186	59,799		186	188
Portugal	44,655	50,353		207	217
Russia	207,430	236,589		165	225
Italy	27,444	26,678		156	140
USA	28,374	48,558		124	162
rate 1 US$=NOK 9.00 in 2001, NOK 8.00 in 2002					
Export of total fish per species					
	Metric tons			Value US$ (millions)	
	2001	2002		2001	2002
Total	2,031,389	2,109,323		3,406	3,586
Salmon	337,586	361,046		1,110	1,193
Trout	44,371	62,016		120	170
Cod	128,223	139,540		626	648
Saithe	83,327	80,266		155	164
Haddock	32,959	35,306		91	96
Herring	516,802	470,776		378	347
Mackerel	329,934	295,777		326	335
Prawn	34,026	31,865		135	121
Other	524,161	632,731		465	512

Trade trends white fish

According to the Norwegian Seafood Export Council, exports of fresh and frozen white fish amounted to NOK 3.8 billion (US$ 475 million) in 2002, which is about the same as in 2001. The export of frozen filets was reduced by 11 percent and the exports of fresh whole white fish were reduced by 15.5 percent in 2002. However, exports of frozen whole white fish increased by 20.5 percent. In tonnage, the most positive export product for Norway was frozen whole fish, which increased by 37 percent to 70,000 MT. The main markets for Norwegian white fish are the UK, 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

The total export value of cod products from Norway in 2002 was NOK 5.2 billion (US $648billion). Cod products accounted for about 18 percent of total Norwegian fish exports, which is unchanged from 2001.

The export volume of Norwegian cod in 2002 increased for the first time in six years, although the increase was only about 14,000 MT. Most of this increase is due to strong upswings in the export of round frozen cod especially to countries like Portugal, Canada and China. While volumes increased, export value in Norwegian Kroner remained relatively unchanged. Of the different products exported, frozen filets and klipfish contributed the most to the value of exports.

Export of main Cod products from Norway 2000-2002						
		Metric tons			Value US$ 1000	
	2000	2001	2002	2000	2001	2002
Fresh	20,500	17,569	18,137	48,556	49,315	49,170
Round frozen	21,800	13,903	27,495	47,889	32,100	61,129
Frozen filet/block	41,000	30,624	27,959	195,555	149,119	149,467
Salted	25,500	27,682	24,582	99,445	116,910	103,077
Klipfish	32,000	32,481	33,258	196,444	207,048	200,882
Dried fish	6,257	3,630	3,407	67,444	56,656	52,158
Others			4,702			31,664
Sum product weight	147,057	125,889	139,540	655,333	611,148	647,547

1 US$ equal: NOK 9.00 in 2000 and 2001 and NOK 8.00 in 2002.

Haddock products

There has been little change in Norway's total exports of haddock, which in 2002 amounted to 35,300 MT. Almost all fresh haddock was exported to the EU, where Denmark and the United Kingdom were the largest buyers. The U.S. is Norway's second largest customer for frozen haddock and haddock filets after the UK. In 2002, the U.S. imported about 5,700 tons of frozen haddock from Norway with a large increase of 54 percent registered in the export of round frozen haddock to the U.S. market. The reason for the increase seems to have been a drop in the Norwegian market for all type of haddock products in 2002.

Main Norwegian Exports of haddock products 1999-2001

Export of main Haddock products from Norway 2000-2002							
		Metric tons				Value US$ 1000	
	2000	2001	2002		2000	2001	2002
Fresh	12,200	12,918	11,381		23,334	29,352	22,324
Round frozen	12,700	12,755	16,223		29,055	26,006	35,283
Frozen filet/block	8,400	7,462	6,659		40,177	34,166	34,194
Others			1,042				4,521
Sum product weight	33,300	33,135	35,305		92,566	89,524	96,322

1 US$ equal: NOK 9.00 in 2000 and 2001 and NOK 8.00 in 2002.

Saithe Products

In 2002, saithe exports only slightly changed from 2001 in terms of total volume and value. Denmark is the largest importer of fresh saithe, while Germany is the largest consumer of frozen saithe. For klip fish exports the main markets are Portugal and Brazil. Brazil in particular is shifting its klip fish demand from cod to saithe, which is a cheaper alternative. Today, klip fish from saithe accounts for about 50 percent, and cod only for about 20 percent, of the Brazilian market.

Main Norwegian Exports of Saithe 1999-2001

Export of main Saithe products from Norway 2000-2002							
		Metric tons				Value US $1,000	
	2000	2001	2002		2000	2001	2002
Fresh	20,600	20,713	14,434		16,488	21,472	12,246
Frozen filet	17,800	15,382	13,061		36,500	36,288	33,503
Klipfish	27,700	29,525	30,258		65,800	73,517	83,104
Other	17,050	17,707	22,513		26,646	13,750	34,968
Sum product weight	83,150	83,327	80,266		145,434	145,027	163,821

1 US$ equal: NOK 9.00 in 2000 and 2001 and NOK 8.00 in 2002.

Trade trends for Salmon

Norway's total salmon exports in 2002 amounted to 361,000 MT in product weight with a value of NOK 9.5 billion (US $1.18 billion) compared with 337,000 MT valued at NOK 9.99 billion (US $1.11billion) in 2001. The 2002 exported volume was the highest ever for salmon from Norway, with an increase in exported volume from 2001 of 6.6 percent. The total value, however, dropped by about 5 percent in terms of Norwegian Kroner. This related to the strong Norwegian Kroner which, in 2002, strengthened against the Euro, US$ and Japanese Yen, as well as increased competition due to overall increased production of farmed salmon. Of the total salmon export volume, 78 percent was fresh salmon (filet or whole), 21 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 2002, although the amount was only about 1,510 MT.

In 2002, Norwegian exports to the EU increased slightly in volume from 2001. Norway had in 2002 a market share in the EU in terms of by volume of 63 percent, of all salmon products. However, the most important product in the EU is fresh whole salmon where the market share of Norwegian exports was almost 80 percent in 2002. France, Denmark and Germany are by far the most important importers in Europe. Denmark serves as a processor, rather than a consumer of Norwegian salmon. Aside from the EU, Japan is the largest market for Norwegian salmon, and imported about 34,000 MT of fresh and frozen salmon in 2002.

Norwegian salmon, fresh (whole or eviscerated) export					
	1998	1999	2000	2001	2002
Germany	18,936	19,438	18,102	18,679	19,691
Denmark	59,758	59,147	73,823	60,055	60,663
Spain	12,934	17,854	15,099	14,751	18,093
France	46,153	47,780	47,318	45,527	49,360
Japan	16,561	21,660	25,031	26,734	23,801
Italy	10,273	9,495	9,723	10,038	9,786
United Kingdom	9,780	14,435	11,186	9,793	11,157
Sweden	11,346	13,315	13,776	13,944	12,725
Belgium	6,277	6,290	6,321	5,159	4,559
United States	123	711	704	826	1,300
Other	29,554	42,448	45,168	55,022	64,917
Total	221,695	252,573	266,251	260,528	276,052

Norwegian salmon, bred frozen whole, export.					
	Metric tons, product weight				
	1998	1999	2000	2001	2002
Japan	2,854	6,612	4,508	1,461	3,379
Russia	6,106	3,958	5,051	10,052	14,220
Denmark	1,181	329	581	344	315
France	994	859	652	454	412
United states	1,385	2,572	3,027	2,297	2,756
Other	11,443	15,335	14,760	16,456	18,449
Total	23,963	29,665	28,579	31,064	39,531

Norwegian salmon filet export (fresh and frozen)					
	Metric tons, product weight				
	1998	1999	2000	2001	2002
Germany	4,991	5,629	5,589	4,978	6,812
Japan	2,839	5,735	5,897	7,208	6,939
France	4,442	5,183	5,200	4,789	6,010
Denmark	3,945	3,018	2,001	2,224	1,663
United States	1,544	7,042	5,242	3,683	4,523
Other	7,739	9,825	10,075	10,811	14,063
Total	25,500	36,432	34,004	33,693	40,010

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 antidumping 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 benefited 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 where convicted of cheating an import price and have been assessed penalties of 12-15 percent on their salmon exports to the EU. Norway held discussions with the EU regarding the minimum pricing agreement, which was extended further to May 2003. The EU ultimately decided not to renew the agreement with a consequent fall in prices that has negatively impacted Norwegian fish farmers. Salmon prices in the EU market are below NOK 20 (US $2.50) per kilo, lower than the cost of production.

Factors Affecting U.S. trade

In 2002, exports of fish from Norway to the U.S. increased from the previous year both in terms of volume and value. This was especially true for exports of cod and haddock filets, as well as salmon filets, including fresh, frozen and smoked salmon. This increase came in spite of the stronger Norwegian Kroner. In the U.S. market, Norwegian salmon cannot compete in price with salmon from Chile and Canada, but 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. In 2002, the U.S. was ranked as the ninth-largest market for Norwegian seafood, which was up two places from the previous year. Although the U.S. accounted for less than 4.5 percent of Norway's total exports, Norway views the U.S. market as the market with the largest potential. In 2002, the Norwegian Seafood Export Council spent about US $580,000 for marketing activities to promote Norwegian fish in the U.S., about one-third of the amount spent in 2001, which due to a cut in the Council's overall marketing budget. Norwegian seafood exports to the U.S. are mainly targeted to the hotel, restaurant and institutional market rather than the U.S. household. Despite an increase of 16 percent in the export value of Norwegian seafood to the U.S. in 2002, the Norwegian Seafood Export Council decided to close down its export office in Boston. This seems to be due to a severe cut in the marketing budget in the coming years due to reduced domestic export fees.

Main Norwegian Export of Fish Products to the U.S.

Norwegian Export of Main Fish Products to U.S.							
Products		Metric tons				Value US$	1000
	2000	2001	2002		2000	2001	2002
Frozen fil. of cod	4,488	4,074	4,703		27,946	19,230	29,091
Frozen haddock	3,875	2,953	4,434		10,614	7,778	11,156
Frozen filet of haddock	1,811	1,886	1,987		9,847	9,687	10,957
Canned sardine	1,116	790	877		9,994	7,364	8,303
Frozen salmon	3,288	2,660	2,558		14,072	9,286	8,553
Frozen filet of salmon	1,611	1,594	1,738		14,068	12,592	11,674
Fresh salmon	704	828	1,201		2,890	2,726	4,133
Fresh filet of salmon	3,631	2,089	2,770		21,914	10,834	13,003
Frozen mackerel	2,979	3,134	4,377		2,867	3,706	5,609
Smoked salmon	950	1,197	1,510		10,301	10,301	15,898
Unaccounted others	12,101	7,171	22,694		31,055	30,611	43,246
GRAND TOTAL	36,554	28,376	48,536		155,568	124,115	161,623
Norwegian Imports of Main Fish Products from U.S.							
	2000	2001	2002		2000	2001	2002
Peeled froz shrimp	112	96	365		694	241	616
Frozen cod	8,293	11,178	8,297		22,277	34,107	22,695
Unaccounted other	1,363	2,327	1,398		5,189	2,520	3,642
GRAND TOTAL	9,768	13,601	10,060		28,160	36,868	26,953

1 US$ equal: NOK 9.00 in 2000 and 2001 and NOK 8.00 in 2002.

Norwegian Import Market for Seafood

Norway's imports of fish and seafood amount to about US$ 400 million per year. The majority of imports are for use by 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. 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 a year.

At present, 75 percent of consumer seafood products are 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 both direct distribution (52 percent) and through wholesalers (48 percent).