Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 10/2/2003

GAIN Report #DA3015

Denmark

Fishery Products

Annual

2003

Approved by:
Roger A. Wentzel
U.S. Embassy, The Hague
Prepared by:
Hasse Kristensen/Morgan Perkins

Report Highlights:
Denmark ranks fourth among world suppliers of fish products and is a large international trader. Fresh fish is generally imported from non-EU countries, then processed and exported to EU member countries. Constantly decreasing EU cod quotas are increasing Danish interests in finding alternative suppliers and import substitutes.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
The Hague [NL1], DA

Executive Summary

Denmark is by far the largest trader of fresh-frozen fish and fish products in the EU. Although Denmark records the largest landings in the EU, most of these are for industrial production of fishmeal and fish oil. Denmark imports large quantities of fish from the Nordic countries and sells fresh or processed product onward to other EU member countries.

Denmark imports 71 percent of product needs from countries outside the EU (Norway, Greenland, Faeroe Islands and Russia) and sells 89 percent of manufactured products within the EU; Germany (38 percent), France and UK. Danish seafood traders are also heavily engaged in selling fishery products from third countries directly to other EU markets.

With increasing exports over the past ten years, Denmark remains one of the world's leading seafood exporters and the largest in the EU. In value, fish exports remained unchanged in 2002 at DKK 16,3 billion (U.S.$2,1 billion). Exports of non-processed fish products remained almost unchanged in 2002, while processed seafood exports decreased slightly. Processed seafood exports now constitute 53 percent of total seafood exports.

Non-processed imports and processed seafood imports decreased by 2.8 percent and 8.2 percent respectively to DKK 6.2 million ($799,000) and DKK 3.5 million ($440,000) respectively.

In 2002, the total quantity of Danish fish and seafood exports was 703,000 MT, unchanged from the previous year. Imports of non-processed fish increased by 2 percent to 457,000 MT while imports of processed fish decreased by 10 percent to 124,000 MT. Denmark continues to export significant quantities of fish oil and meal processed from (mainly) imported raw material; a total of 418,000 tons in 2002.

All landings (including landings of other-EU and third countries) of edible fish in 2002 amounted to 494,000 MT, down from 570,000 Tons in 2001. Relatively high prices in 2001 increased in 2002 by 7 percent, which attracted fishermen from other nations (including the Baltics and Russia) to land their catch in Denmark. The price level is predominantly determined by prevailing export prices.

In general, catch is determined by quota levels while landings are determined by prevailing demand and price levels. Cod quota reductions are putting industries under great pressure. Decreased Danish cod catch is fully substituted by increased cod imports from other countries and imports of other species from, among others, fish from Lake Victoria in Africa and Hoki from new Zealand.

The reduction in quotas (especially for groundfish) has increased the Danish processing industry's needs for imports. Denmark is seeking raw material from all over the world. Seafood imports from U.S. have increased significantly in recent years. Imports of groundfish increased from 3,592 MT in 1999 to 5,500 tons in 2002, imports of groundfish fillets have increased from nothing (in 2001) to 1,474 tons in 2002 and imports of salmon decreased slightly in 2002.
Market exist for increased U.S. exports of smaller (about 1 to 2 kg) salmon, while the market for scallops and lobsters (around New Year) should be explored. Alaska pollack (frozen) has displaced imports from other origins and demand also exists for catfish. The Office of Agricultural.Affairs in Copenhagen can supply interested exporters with details of possible Danish importers.

Total Danish consumption in 2002 is estimated almost unchanged at 125,000 MT. These figures are only estimates and do not take into account stock changes. In general, Danish consumption is considered rather stable at about 24 kg. per person. Of this amount, only 6.5 kg are fresh fish.

Exchange rates:2001: DKK 8.32=US$1
2002:DKK 7.88=US$1
Present: DKK 6.60 =US$1

Fishery Products Strategic Indicator Table

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE					
		Previous	Current	Next	5 Year
		Year	Year	Year	Projections/
U.S. Competitive Position	Measurement *	Situation	Situation	Expectations	Expectations
U.S. Access Relative to Rest of World- Non-Tariff Measures (NTM)	Worse, equal, or better (choose one)	equal	equal	equal	equal
U.S. Access Relative to Rest of World - Tariffs	Higher, equal, or lower (choose one)	equal *	equal*	equal*	equal*
		* equal with all other EU third countries			
Presence of Marketing Programs (domestic and 3rd country) versus U.S. programs	More aggressive, about the same, or less aggressive (select one)	same	same	same	same
U.S. Prices Relative to Domestic and 3rd Country Prices	Higher, equal, or lower (choose one)	lower*	lower*	lower*	lower*
		* especially for small (1-2 kg) salmon			
U.S. Market Share (3 Year. Average)	Percent	1.1%	0.8%	1.5%	2.0%
		Previous	Current	Next	5 Year
		Year	Year	Year	Projections/
Market Attractiveness	Measurement *	Situation	Situation	Expectations	Expectations
Per Capita Consumption of All Fishery Products	Kg per person	24	24	25	27
Per Capita Consumption of animal proteins (excluding fishery products)	Kg per person	160	160	160	160
Percent of population with refrigerators	Percent	100	100	100	100
Percent of fishery product sales at supermarkets	Percent	50	50	52	70
Percent of total food sales at supermarkets	Percent	80	80	80	85
Percent of animal protein sales at supermarkets (excluding fishery products)	Percent	80	80	80	85
Percent of fishery sales at HRI establishments	Percent	30	30	30	20
Percent of fishery sales at open markets	Percent	50	48	45	10

Salmon, Whole/Eviscerated

Production

PSD Table						
Country	Denmark					
Commodity	Salmon, Whole/Eviscerated				(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Beginning Stocks	0	0	0	0	0	0
Total Production	8500	8500	0	8500	0	8500
Intra-EC Imports	6000	9650	0	9750	0	10000
Other Imports	67000	74983	0	81250	0	82000
TOTAL Imports	73000	84633	0	91000	0	92000
TOTAL SUPPLY	81500	93133	0	99500	0	100500
Intra-EC Exports	47000	54862	0	51500	0	50000
Other Exports	6000	6078	0	6500	0	6000
TOTAL Exports	53000	60940	0	58000	0	56000
Domestic Consumption	10500	11161	0	11000	0	11000
Other Use/Loss	18000	21032	0	30500	0	33500
TOTAL Utilization	28500	32193	0	41500	0	44500
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	81500	93133	0	99500	0	100500

Statistics on salmon include sea trout. Other uses included salmon that is salted, smoked or otherwise processed.

The only sea where Danish fishermen catch salmon is the Baltic, in competition with Swedish, Polish and Finish fishermen. Catch is forecast to remain unchanged in the coming years.

Danish production corresponds to less than 10 percent of total supply, which underscores the importance of trade to the industry.

The quality of Baltic salmon is considered excellent and it is especially good for smoking and curing.

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

Prices

Auction statistics are not longer published, as most salmon are caught and sold directly to industrial buyers.

Retail prices are more than six times as high as the price paid to the fishermen at landing. Although these prices include transport, handling, grocers and retailers profit, VAT (25 percent) and losses, a mark up of about four times seems more than adequate and would certainly facilitate increased imports.

Consumption

No official statistics exist on Danish fish consumption. Consequently, consumption figures are derived from analysis of production and imports versus other known use (catches + imports - exports - other use). However, import statistics are widely believed to be underestimated. The reason for this is likely that imports for re-export are often not registered although, when re-exported, they are included in export figures.

Domestic consumption is expected to remain unchanged at a level of about 11,000 Tons. The increased availability of salmon from extensive farm production in other countries (especially neighboring Norway) has lowered the price considerably. Salmon has therefore become affordable for a larger group of consumers.

Trade

Import Trade Matrix			
Country	Denmark		
Commodity	Salmon, Whole/Eviscerated		
Time period	CY	Units:	Metric Tons
Imports for:	2001		2002
U.S.	2693	U.S.	1768
Others		Others	
Norway	47821	Norway	53091
Faroe Islands	21615	Faroe Islands	19394
Sweden	2132	Sweden	2058
Canada	281	UK	2958
		Spain	1353
		Germany	903
		Canada	354
Total for Others	71849		80111
Others not Listed	4823		2754
Grand Total	79365		84633

Imports of whole/eviscerated salmon in 2002 are estimated at almost 85,000 tons, almost exclusively from non-

EU countries. Norway and Faeroe Islands are the main suppliers followed by Sweden and the U.S. Most of the salmon imported from Norway and the Faeroe Islands are farm- raised while salmon imported from Northern America is wild salmon. Imports from the U.S. include smaller salmon (1 to 2 kg) sold frozen in super markets and 6 to 9 kg. salmon. This latter size is smoked, portioned/sliced and exported to other European countries.

Norway and the Faeroe Islands are expected to continue to be the main suppliers. Increased imports from the U.S. and Canada depend on the price differences between farmed Norwegian salmon and the wild caught North American salmon. A growing market for U.S. salmon appears to be for Alaska salmon at a size about 1 to 2 kg. U.S. imported salmon at that size is sold by retail supermarkets, and is not processed and re-exported as is most other imported salmon.

Export Trade Matrix			
Country	Denmark		
Commodity	Salmon, Whole/Eviscerated		
Time period	CY	Units:	Metric Tons
Exports for:	2001		2002
U.S.	41	U.S.	5
Others		Others	
Germany	24504	Germany	19520
France	8484	France	9072
Spain	6858	Spain	7090
Netherlands	3441	Netherlands	4200
Belgium	3670	Belgium	4722
Italy	2881	Italy	4369
UK	410	UK	878
Sweden	2891	Sweden	1882
		Greece	741
		Portugal	1144
Total for Others	53139		53618
Others not Listed	6411		7317
Grand Total	59591		60940

Exports of salmon products are dominated by two categories; whole and smoked salmon. Trade contacts report considerable export of salmon fillets to the U.S. in recent months.

Smoked salmon is one of the very few products for which exports are increasing, although at reduced prices. In 1993, 8,081 tons was exported at a total price of DKK 925 million (U.S. $115 million). In 2002, 13,630 tons was exported at a price of DKK 1,020 million ($129 million).

Policy

Denmark has a small marine aquaculture sector which produces sea trout and no salmon.

The Danish government is very concerned about nitrate pollution in Danish waters and has taken stringent measures to reduced nitrate pollution from agriculture. Potential large numbers of fish farms are seen as a pollution threat to the Danish fjords, and the government is not interested in approving too many fish farms.

Tariff

EU tariffs on salmon are as low as 2 percent.

Marketing

Market Development Opportunities

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

Medical recommendations continue to stress that eating fatty fish (e.g. salmon) is healthy and currently newspapers report that eating fatty fish once or twice a week reduces the likelihood of senility by as much as 35 percent. As most imported salmon from Norway and the Faeroe Islands is used by the industry, market opportunities exist for smaller, frozen salmon sold through the supermarkets. Danish supermarkets are importing directly and U.S. groups such as the Alaska Seafood Marketing Institute have been establishing contact with Danish supermarkets.

Groundfish, Whole-Eviscerated

Production

PSD Table						
Country	Denmark					
Commodity	Groundfish, Whole/Eviscerated				(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Beginning Stocks	0	0	0	0	0	0
Total Production	46000	61245	0	55000	0	55000
Intra-EC Imports	17000	20562	0	20000	0	20000
Other Imports	58000	79946	0	80000	0	80000
TOTAL Imports	75000	100508	0	100000	0	100000
TOTAL SUPPLY	121000	161753	0	155000	0	155000
Intra-EC Exports	39000	44341	0	59000	0	60000
Other Exports	6000	24566	0	30000	0	30000
TOTAL Exports	45000	68907	0	89000	0	90000
Domestic Consumption	35000	35030	0	35000	0	35000
Other Use/Loss	41000	57816	0	31000	0	30000
TOTAL Utilization	76000	92846	0	66000	0	65000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	121000	161753	0	155000	0	155000

The groundfish category consists of the following species: cod, haddock, pollock, whiting, light and dark coalfish, and hakes. Cod is traditionally the biggest variety in this category (85 percent in 2000, decreasing to 54 percent in 2002). Actual landings depend on the Total Allowable Catch (TAC). Next to cod, haddock is the most important species of groundfish with a 19 percent share. Cod are caught in the Baltic Sea as well as in the North Sea.

While the quota (TAC) for the Baltic Sea has remained unchanged since 2002, the quota for the North Sea was reduced considerably for 2003, and is expected to remain at present level for 2004. Cod stocks in the Baltic Sea are rebounding, and agreement has been reached to use nets with larger mesh, in order to further increase the population. Such agreement seems unlikely in the near future for the North Sea. However, this is not expected to change the Danish supply situation notably, as cod landings will be substituted with other groundfish species and imports will come from other waters.

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

Consumption

Most whole/eviscerated groundfish is used for further processing into fillet and other processed products. It is estimated that about 5 percent of the domestic consumption is consumed directly as fresh fish. Of landed whole groundfish, approximately 50 percent is guts, fins, heads and other waste products. In spite of prices having increased 20 to 30 percent the last year, use seems to have remained stable.

An increasing share of the sales is now shifting from specialty fish retailers to supermarkets, which now assure a high quality through fast sales and special packing. While supermarket shares were about 15 percent just a few years ago, they are now estimated at about 50 percent, and forecast to increase to 80 percent in five years' time.

Trade

Import Trade Matrix			
Country	Denmark		
Commodity	Groundfish, Whole/Eviscerated		
Time period	CY	Units:	Tons
Imports for:	2001		2002
U.S.	2980	U.S.	5504
Others		Others	
Russia	36624	Russia	37996
Norway	18883	Norway	20155
Sweden	11171	Sweden	9347
Germany	5690	Germany	6930
UK	1203	UK	2653
Faroe islands	4522	Faroe Islands	7650
Latvia	2012	Latvia	939
Lithuania	1173	Lithuania	408
Poland	1453	Poland	1355
Total for Others	82731		87433
Others not Listed	5095		7541
Grand Total	90806		100478

As EU quotas are decreasing, Russia has become Denmark's dominant supplier, supplying 40 percent of all imports in 2002. Sweden predominantly supply fresh cod fished in the Baltic Sea.

While imports are unchanged and catches are lower, January to June 2003 export of fresh groundfish has increased 30 percent (or 8,600 tons) compared to the previous year. Danish catches of fresh ground fish is predominantly exported fresh to the European markets and imported groundfish (fresh or frozen) are used in the processing industry.

Danish imports of fresh frozen cod from Alaska (Aleutian Islands) have increased from 473 tons in 2000 to 5,500 tons in 2002. The fish are frozen on board the vessels, and after de-freezing in Denmark are salted, filleted and exported to the southern European countries. Interest also exists for imports of Alaska Pollock more than 1 kg., caught by line, frozen on board, Japanese cut.

Export Trade Matrix			
Country	Denmark		
Commodity	Groundfish, Whole/Eviscerated		
Time period	CY	Units:	Tons
Exports for:	2001		2002
U.S.	499	U.S.	0
Others		Others	
France	10936	France	11739
Germany	4272	Germany	3243
Netherlands	5231	Netherlands	8423
UK	7466	UK	9080
Spain	5103	Spain	5885
Belgium	1710	Belgium	1382
Italy	1147	Italy	1089
Poland	3682	Poland	5596
Portugal	2706	Portugal	1589
Canada	1762	Canada	7316
Total for Others	44015		55342
Others not Listed	10108		13565
Grand Total	54622		68907

Groundfish, Fillets

Production

PSD Table						
Country	Denmark					
Commodity	Groundfish, Fillets				(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Beginning Stocks	0	0	0	0	0	0
Total Production	41000	57816	0	31000	0	30000
Intra-EC Imports	3000	3664	0	3500	0	3500
Other Imports	14000	13135	0	13500	0	13500
TOTAL Imports	17000	16799	0	17000	0	17000
TOTAL SUPPLY	58000	74615	0	48000	0	47000
Intra-EC Exports	31000	46078	0	19500	0	19000
Other Exports	3000	4272	0	4500	0	4000
TOTAL Exports	34000	50350	0	24000	0	23000
Domestic Consumption	24000	24265	0	24000	0	24000
Other Use/Loss	0	0	0	0	0	0
TOTAL Utilization	24000	24265	0	24000	0	24000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	58000	74615	0	48000	0	47000

Production of groundfish fillets is derived from the consumption figure for whole/eviscerated groundfish. There are approximately 15 factories that process groundfish into fillets. In addition to production of fillets, some of these factories also produce ready-to-eat dishes. Most of the production facilities for frozen fillet block have closed down, and exports (including to the U.S.) have ceased.

Trade

Imports of groundfish fillets totaled 16,799 tons in 2002, of which 78 percent is imported from countries outside the EU. Groundfish fillet exports totaled, 50,350 tons. Approximately 92 percent entered the EU market. Among third country buyers, the U.S. was a relatively large importer. A significant share of the groundfish fillets exported to the U.S. enters the burger industry. Denmark's biggest exporter of fish, A. Espersen A/S supplies all McDonald restaurants in Europe.
Imported fillets from the U.S. are further processed into fish fingers and ready-to-serve dishes, mainly for East

European countries.

Import Trade Matrix			
Country	Denmark		
Commodity	Groundfish, Fillets		
Time period	CY	Units:	Tons
Imports for:	2001		2002
U.S.	0	U.S.	1474
Others		Others	
Faroe Islands	5363	Faroe Islands	4287
Russia	937	Russia	2019
Norway	1669	Norway	1897
Germany	688	Gemany	3319
Sweden	1159	Sweden	1123
Greenland	257	Greenland	313
Poland	1537	Poland	666
Lithuania	1475	Lithuania	737
Total for Others	13085		14361
Others not Listed	4693		964
Grand Total	17778		16799

Export Trade Matrix			
Country	Denmark		
Commodity	Groundfish, Fillets		
Time period	CY	Units:	Tons
Exports for:	2001		2002
U.S.	168	U.S.	1257
Others		Others	
Germany	14748	Germany	14529
UK	11315	UK	11479
France	12626	France	7252
Spain	2478	Spain	1624
Sweden	2050	Sweden	2851
Italy	2708	Italy	2595
Belgium	3005	Belgium	1203
Netherlands	858	Netherlands	811
Ireland	1029	Ireland	998
Total for Others	50817		43342
Others not Listed	5399		5751
Grand Total	56384		50350