

Summary of the Project Findings and Status

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Processing

Whole fish	Import Price (2012)	Import Price (2013)
Atlantic cod	2500-2900	2600–2800
Pacific cod	2350-2800	2000–2500
Haddock	2400-2500	2700–2900
Pollock	1300-1400	1200–1350



Frozen fillets	Export Price (2012)	Export Price (2013)
Atlantic cod	4500-5000	5100-5300
Pacific cod	4400—5000	4100—5000
Haddock	4000—4500	4500—4800
Pollock	2400—2600	2600—2800



Processing costs

Processing Costs:

2012: 960 -1010 USD/MT

2013: 1010-1130 USD/MT

Wage:

2012: 490 USD/MT

2013: 650-750 USD/MT

Walter and electricity:

2012: 105 USD/MT

2013: 130-150 USD/MT



Frozen fillets	Profit (2012)	Profit (2013)
Atlantic cod	\$(-200)-(-400)	\$(140)-(170)
Pacific cod	\$(-100)-(-250)	\$(-186)-(29)
Haddock	\$(-100)-(-250)	\$(-1)-(170)
Pollock	\$(-250)-(-400)	\$(-155)-(-148)



Conclusion (Production)

- Processing in China was slow down in 2012 due to weak demand in the EU and USA, and also due to the increasing labor costs in China.
- Processing in China is getting much better in 2013, due to the lower price of the raw fish and the recovery of the EU and USA demands.
- Wage consistently increases by 20-30% every year.

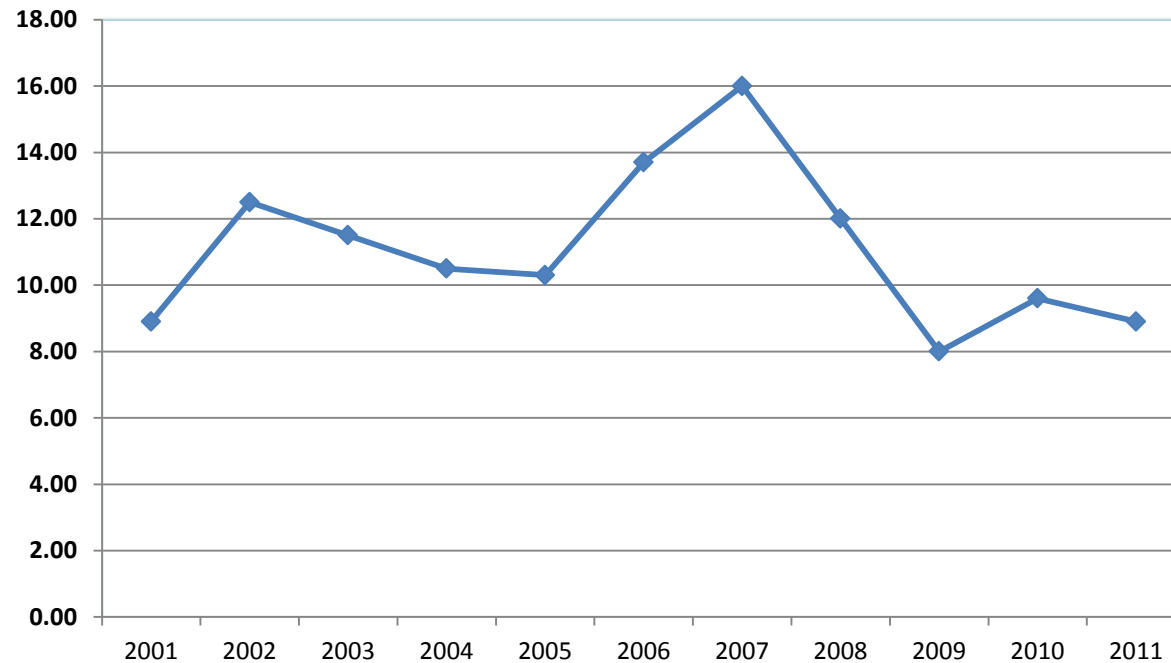


Difference between Chinese and Norwegian costs (cod)

	Kina (frozen fillet)	Norge (frozen fillet)	Norge (fresh fillet)	N-K (Frozen)	N-K (Fresh)
Yield rate	77%	54%	54%	-23%	-23%
Raw fish cost	19.77	22.22	22.22	2.45	2.45
Processing cost	6.09	12.20	10.70	6.11	4.61
Transportation cost to EU	0.81	1.50	5.00	0.70	4.20
Total cost	26.67	35.92	37.92	9.25	11.25



Difference between Kina and Norge prices (frozen fillet) in EU Market



Consumption



Low Value Products



High Value Products



Conclusion (consumption)

- Huge potential demand for the imported high quality seafood.
- To help the Chinese consumers clarify the qualities between different whitefish species.
- Following concepts of CEO Gao: Safe, high quality protein, environmental friendly, ecological, easy to prepare and good service.



Structural model the effects of quota growth, higher labor costs and appreciation of Chinese Currency

	World Economy (10%)	Chinese Economy (10%)	Chinese Processing Cost (10%)	Chinese Currency (10%)	World Quota(10%)
Import Price of raw fish	2.0%	1.7%	-2.0%	0.7%	-2.6%
Export price of frozen fillet	1.2%	1.1%	2.4%	4.1%	-1.6%
Deomestic price	1.5%	1.3%	1.0%	-7.0%	-1.9%
Export volume	4.0%	-1.0%	-2.3%	-4.0%	1.6%
Domestic consumption volume	-2.9%	9.6%	-1.9%	13.6%	3.8%
Total demand	2.1%	1.8%	-2.2%	0.7%	2.2%



Focus of the further research

- Following the processing cost and developments in China
- Based on the case study of Gao's fish shoppes, we want to focus more research on the Chinese domestic consumption.
 - Demand structure for seafood products;
 - Chinese food retailer's buying behavior;
 - Consumer preferences and choice;
 - Strategies for product and market development of the Norwegian fish.

