

# Summary of the Project Findings and Status

**Jinghua Xie**

Tromsø Business School, University of Tromsø





# Processing

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



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

# 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



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

# 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)

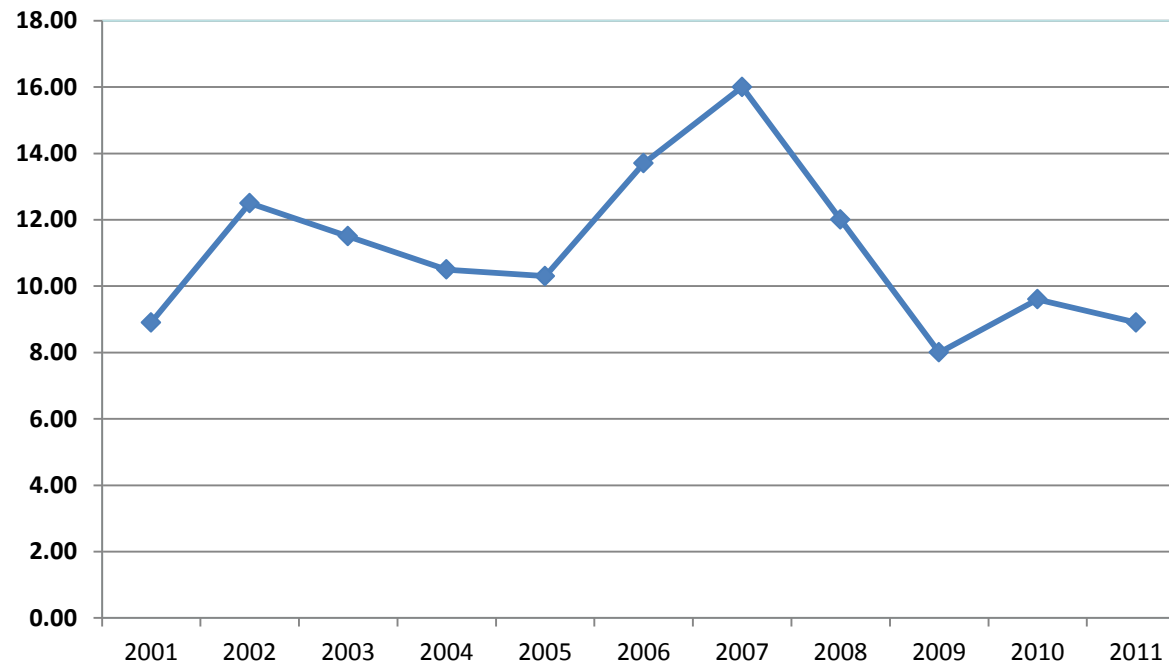
---

	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	<b>26.67</b>	<b>35.92</b>	<b>37.92</b>	<b>9.25</b>	<b>11.25</b>

---



# 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%
Domestic 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.

