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Russian Import Ban Wreaks Havoc in Norway's Fish Industry

By The Moscow Times

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OSLO — Norwegian salmon prices are expected to fall 10 percent in the next week as a result of Russia's food sanctions, traders and analysts said, forcing farmers to scramble for new markets at a time when prices are already under pressure.

Russia, which consumes nearly 7 percent of global salmon production, banned all Norwegian seafood on Thursday, along with a wide range of agricultural products from countries which have imposed sanctions against Russia over its role in the Ukrainian conflict.

The ban also comes at a sensitive time for the market as salmon prices are already down around 30 percent from record highs hit at the start of the year, due in part to lower consumption during the holiday period and increased production as fish grow during the summer.

Market sources said they expected salmon prices to fall to around 30-31 Norwegian crowns

per kilo for delivery next week from around 34 kilos a week earlier, and added the market was very volatile.

Norway is the world's biggest fish farmer and accounts for about 50 percent of the global salmon trade, well ahead of world number two Chile. The sector exports nearly $1 billion of seafood each month, including about a tenth of its salmon produce to Russia.

"Russia has been a very unpredictable market so far but now it has become predictable... We'll be selling nothing perhaps for one year or more," said Klaus Hatlebrekke, vice president for marketing at fish farmer Norway Royal Salmon.

He added however that "salmon bound for Russia next week is being sold to other markets and that seems to be going well, though at lower prices."

Brokerage Carnegie said the import ban situation in Russia had created an overhang of around 120,000 tons [of salmon] but added that would "be absorbed by global demand growth in the next 6-12 months."

Russia will eventually replace some of its imports with produce from places like Chile, creating opportunities for European salmon elsewhere, letting the market settle over the next few months, especially as supply growth is seen limited and other markets are growing rapidly, analysts added.

Salmon farming shares fell for a second day in a row on Thursday with world number one Marine Harvest down 4.5 percent, Grieg Seafood 7.9 percent lower, and Cermaq down 3.9 percent.

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