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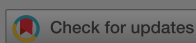
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The Behavior of Operating Earnings in the Norwegian Salmon Farming Industry

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Abstract

It is well known that salmon aquaculture is a cyclical industry with substantial price volatility. However, limited attention has been given to the economic performance of the firms. This article examines the behavior of operating earnings in the Norwegian salmon farming industry. The results show that operating earnings are highly volatile and that the industry is characterized by a high degree of concentration. The article also finds that the industry is highly dependent on government subsidies. The results suggest that the industry is in a cycle of overcapacity and that the government should consider reducing subsidies. The article also suggests that the industry should consider diversifying its operations and that the government should consider increasing transparency in the industry.

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ACKNOWLEDGMENTS

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Notes

Dahl and Oglend ([2014](#)) provide a more general overview of seafood price volatility.

Forward contracts for salmon was introduced by Direct Hedge in 1999, while FishPool introduced futures contracts in 2006 (Solibakke, [2012](#); Oglend, [2013](#)).

Tyholdt ([2014](#)) provides an interesting twist in investigating the impact of biophysical factors on growth.

This is important issues also for other species (Smith et al., [2014](#)).

Applying a Phillips–Perron test led to the same conclusion. For EBIT, the test statistic was -3.011 (constant and trend, two lags). With a critical value at the 5% level of -3.596 , we can not reject a unit root. The test statistic for EBIT/kg is -3.286 (constant and two lags); with a critical value at the five percent level being -2.997 , we reject a unit root.

A unit root test was performed on the fishmeal price series. Based on Akaike Information Criterion, no constant, and no trend were used. Two lags were included in the estimation. The test statistic for fishmeal is -1.96 , being -1.96 , we conclude that there is a unit root.

It is worth noting that the relative price of salmon is the relative price of salmon.

Gutterman and Aquino (2014) find that the relative price of salmon is the relative price of salmon.



Source: Taylor & Francis

Forecasting monthly catfish (*Ictalurus punctatus*.) pond bank and feed prices

Source: Informa UK Limited

MARKET SHOCKS IN SALMON AQUACULTURE: THE IMPACT OF THE CHILEAN DISEASE CRISIS

Source: Cambridge University Press (CUP)

Assessing the efficiency of the Italian aquaculture firms

Source: Taylor & Francis

AQUARIUS project (OC/EFSA/SCER/2015/02) Final Report

Source: Wiley

The development of Brazilian aquaculture: Introduced and native species


Source: Informa UK Limited

The spot-forward relationship in the Atlantic salmon market

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Profitability in Norwegian salmon farming: The impact of firm size and price variability

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