Market Trends for Farmed Salmon and Implications for Offshore Culture

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Abstract

The following are essential points conveyed in this presentation:

1. The current outlook and situation for aquaculture in the Northeast (Rees, Anda, and Anderton, 1996) was reviewed, noting that the largest aquaculture sector in this region is the pen-raised salmon and steelhead trout industry in Maine, which harvested approximately 10,000 MT and was valued at nearly $53 million in 1995.

2. Several examples of price trends for aquaculture products were provided. In particular, prices for farmed salmon have declined considerably over the past several years, and price pressure is expected to continue (see Figure 1).

3. Economic principles indicate that as long as marginal revenue exceeds marginal cost in a competitive industry, production will continue to increase, and price will tend to be driven lower. This is particularly true with salmon aquaculture, where marginal cost generally declines with improvements in feed, salmon stock, and management efficiency.

4. Implications for open-ocean aquaculture are that expected costs should be lower than costs associated with existing types of operations.
5. Evaluation of several crisis and economic risks associated with open ocean aquaculture demands greater assessment than is generally found in many business plans. These areas of concern include: fish transport, feed, and personnel costs; site selection; disease risk and control; theft risk; and regulatory risk. Furthermore, it is increasingly expected that moving aquaculture operations offshore will substantially reduce regulatory constraints.

Figure 1. U.S. Imports of South Atlantic, Chilean, and Coho Salmon and Real U.S. Wholesale Atlantic Prices

Literature Cited


Upper Bay Publications, various years. Seaboard Price Current, Toms River, NJ.