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Norwegian salmon farming companies took a beating on the Norwegian stock exchange on Wednesday, but one group sees a silver lining in the chaos. Photo: Michael715/Shutterstock

## Tax hike bombshell presents opportunity to buy shares of Norwegian salmon firms, says investor

Stock prices of Norwegian salmon farming companies slid between 15% and 30% on Wednesday, but the long-term outlook for the companies is good, believes investment group.

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By [John Fiorillo](#) 

The fallout from Wednesday's announcement that Norway is considering a new 40 percent tax on its salmon farming companies presents an opportunity for investors, according to a market commentary from Bonafide Wealth Management, which is invested in major Norwegian salmon farmers including Mowi.



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"Today's slide on the seafood exchange in Oslo is unparalleled, the Liechtenstein-based firm wrote in its commentary on Wednesday.

"We see the disruption in the market as a buying opportunity. The scenario of tax increases has already been largely priced in and the current price declines represent a clear overreaction of the market." it added.

[The stock prices of Norway's leading public salmon farming companies were battered Wednesday after the government announcement, falling between 15 and 30 percent.](#)

The proposed resource tax, argues the government, is intended to return some of the profits of salmon companies to the local communities located along the fjords where salmon are farmed.

The government's move met with swift condemnation from the country's salmon industry.

["The farming industry has been through many difficulties, but this is the most dramatic event the industry has ever experienced," Mowi chairman Ole-Eirik Leroy told IntraFish sister publication Dagens Naeringsliv.](#)

Norwegian salmon farmers already pay an array of taxes and fees to the government, wrote Bonfide.

"The salmon farmers acquire or purchase the farming licenses at market prices. The compensation for this goes to the state or the local districts. The farmers in Norway are also subject to the standard corporate profit tax of 22 percent."

The total taxation after the introduction of the additional 40 percent resource tax would increase to 62 percent.



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"Furthermore, salmon farmers have been paying a new production tax of NOK 0.40/kg since this year. At the time of the decision two years ago, this was already seen as a compromise solution between industry and government to allow the population to participate in the profits."



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Bonafide said the global salmon market remains strong despite fears of widespread recession.

"Salmon prices of over NOK 80 (\$7.50/€7.70) per kilogram are already being paid for 2023, while on the cost side input prices are showing signs of easing," the investment group said.

"The new negative information with the resource tax is already fully priced in, although a strong lobbying campaign from the industry and its clusters -- employees, suppliers, districts, etc. -- describing the gloomy scenarios is still to be expected."

Norwegian salmon farming companies are likely to experience a bumpy ride on the stock market in the coming months as details and reaction to the proposed tax hike emerge.

"The risk of further panic-driven falls in the price of salmon stocks in Norway has decreased noticeably. On the other hand, the profit potential of a countermovement, triggered by mitigating statements by the government or the awareness of all effects, positive and negative), has risen sharply," Bonafide wrote in its analysis.

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