Háskólinn á Akureyri
University of Akureyri

# The Icelandic pelagic sector and its development under an ITQ management system

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# Presentation layout

**Four sections**

- **1. Species and catch value**
- **2. The fishing fleet**
- **3. The Processing industry**
- **4. Industry structure**

- **Further reading:** The Icelandic pelagic sector and its development under an ITQ management system doi:10.1016/j.marpol.2015.08.016

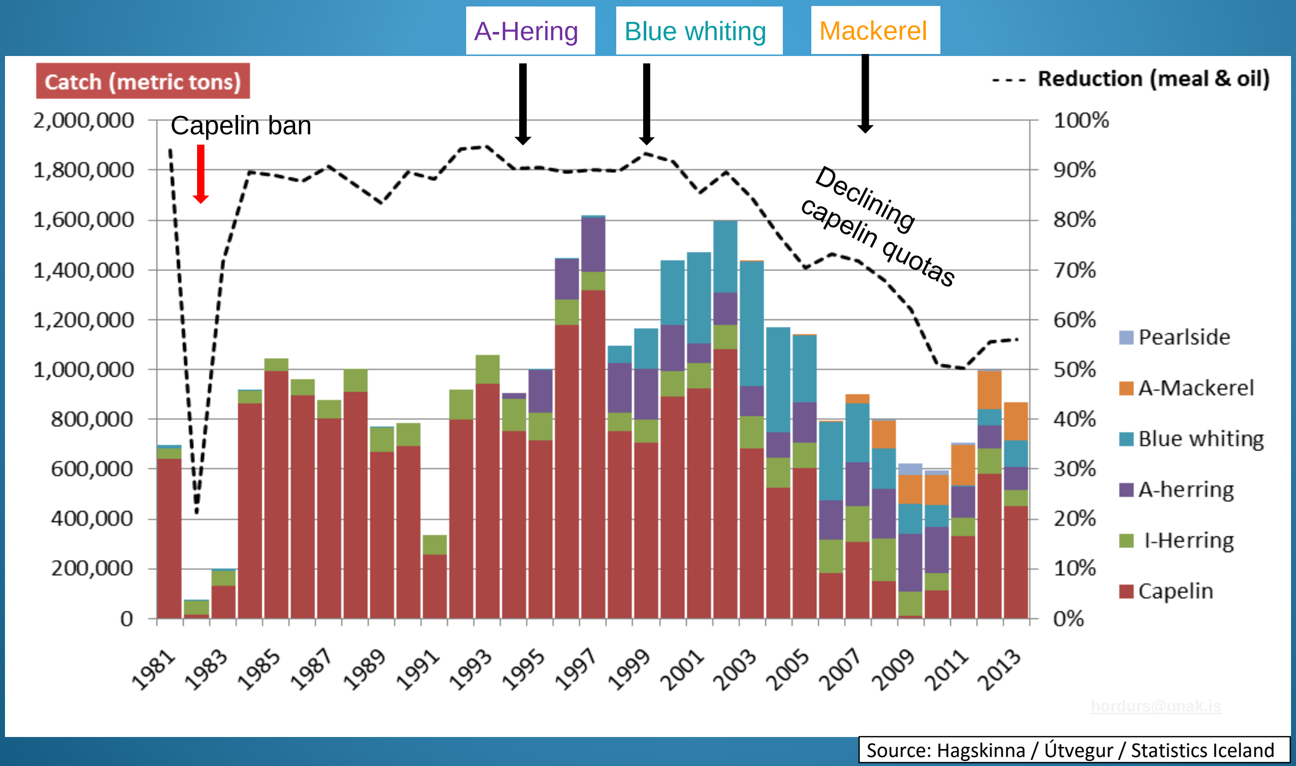
# 1. Species and catch value since 1981

Increased catch and additional species in the EEZ

Drawings: Jón Baldur Hlíðberg

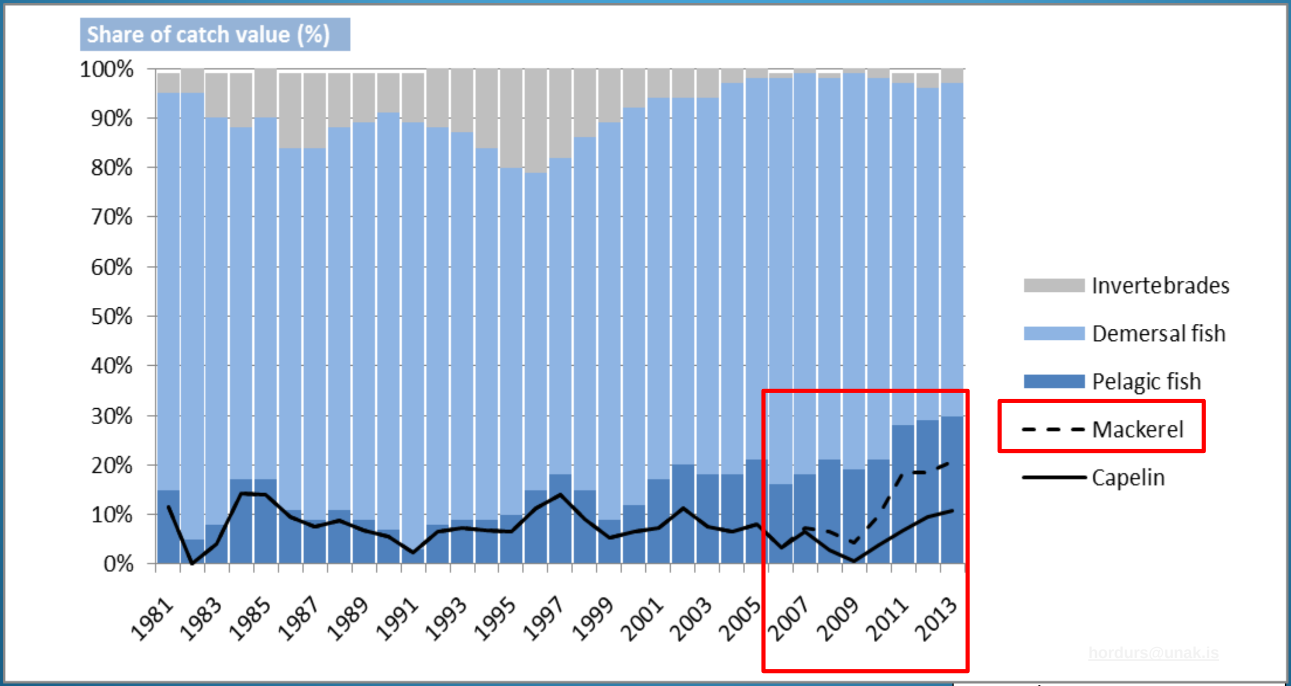
# Pelagic species

- Until 1994 only two species utilized; capelin and Icelandic summer spawning herring
- Majority of the catch during this period produced as fishmeal and oil
- 3 additional pelagic species have entered the EEZ since 1994



# Catch value of the pelagic sector

- 20-30% of catch value the past years and 60-70% of total catch in Iceland
- Fluctuated with the capelin stock until late 1990s,
- Entrance of valuable pelagic species  Atlantic herring and mackerel
- Increased production toward human consumption (frozen products)




Source: Útvegur & Statistics Iceland

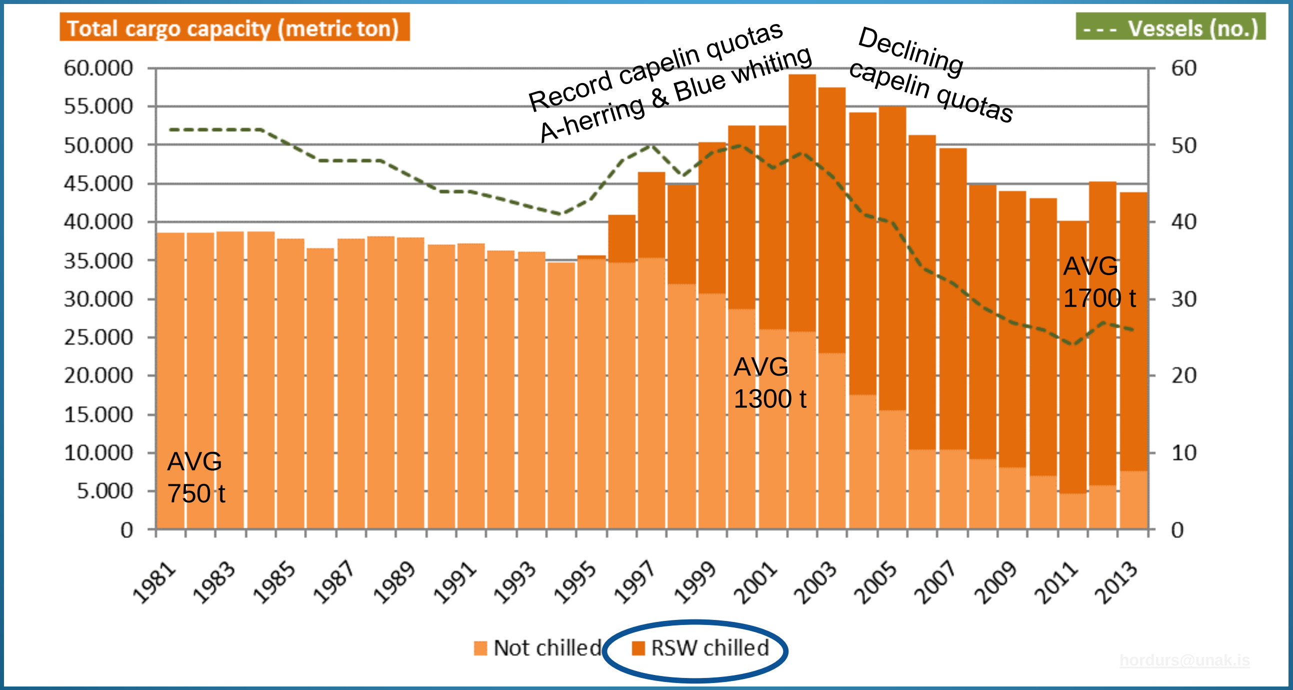
# 2. The fishing fleet

Large vessels with RSW chilling and powerful engines

Photo: Tryggvi Sigurðsson

# Fleets cargo capacity

- Total cargo capacity increased in mid 1990s: record capelin quotas and additional species
- The bulk of the pelagic fleet was reconstructed after 1995
- Import of vessels with **RSW holds** increased from 1996 and especially past 1999
- Until 1999 decommission scheme was active; possible to extend size with limitations




Source: Emil Ragnarsson / Hörður Sævaldsson

# Limited renovation of the fleet

Source: Dunni

Source: Sigurgeir Sævaldsson

Source: Tryggvi Sigurðsson

# 3. The Processing industry

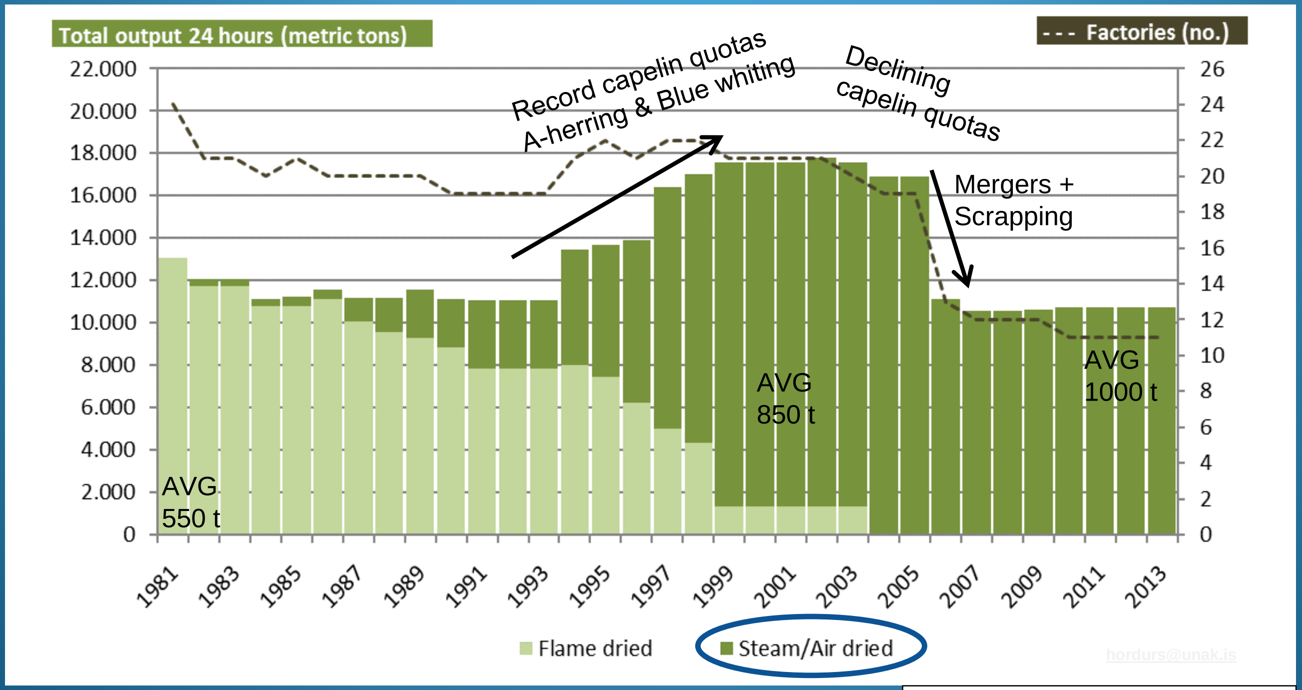
Increased processing toward human consumption


Photo: Síldarvinnslan

Photo: Síldarvinnslan

# Upgraded fishmeal factories

- Total and daily output increased 1994-1997 following record capelin quotas
- Factories have changed dramatically in terms of efficiency and processing technology
- Daily output rising and steam dried products increased with RSW chilling  (quality)
- Total production fell sharply in 2005 following mergers and scrapping of factories




Source: Loðnunefnd  & Hörður Sævaldsson

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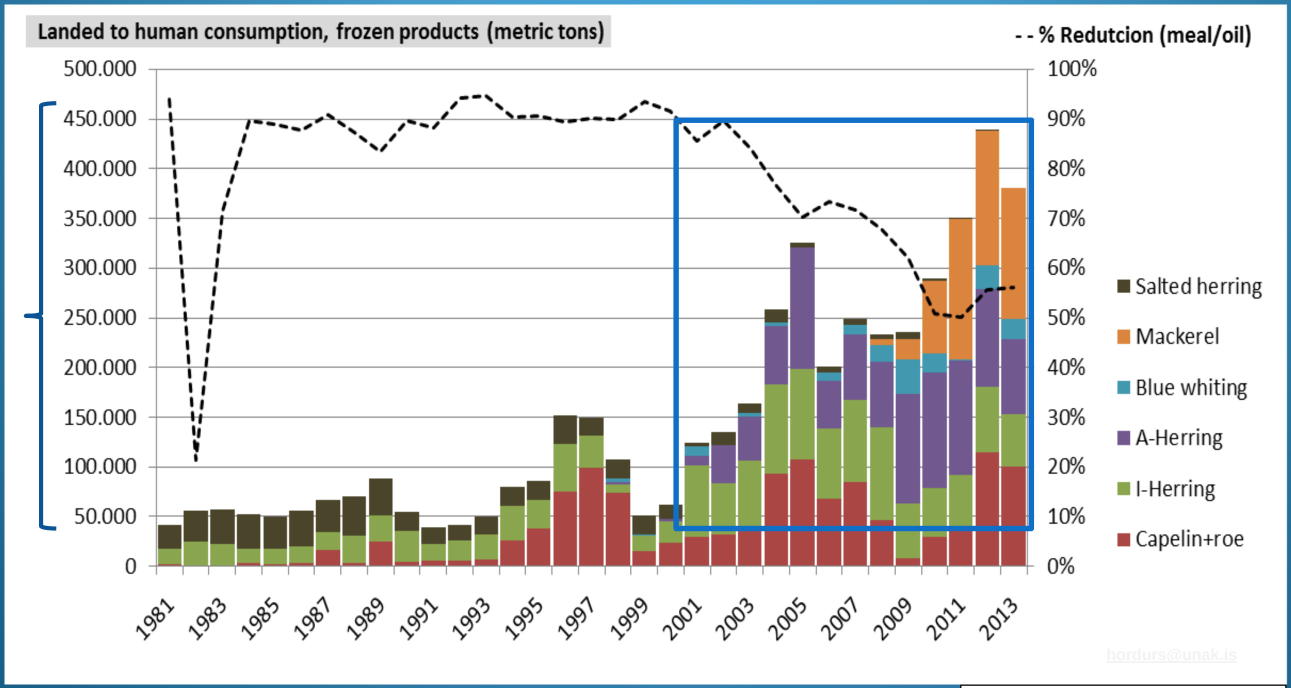
# Processing toward human consumption

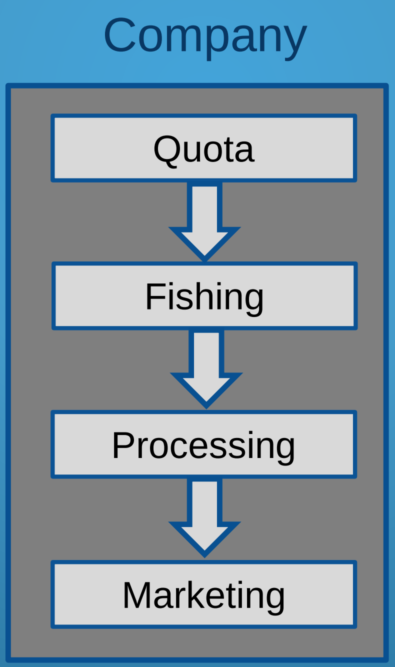
- Automated processing facilities initiate 1997/1998
- Today's factories produce up to 650 metric tons per 24 hours of frozen products
- In 1996 maximum output was 350 metric tons with twice as many employees.
- Freezing capacity of the 8 automated pelagic factories nearly 3,300 metric tons / 24 h




Source: Útvegur / Statistics Iceland

# 4. Industry structure

## Vertically integrated companies



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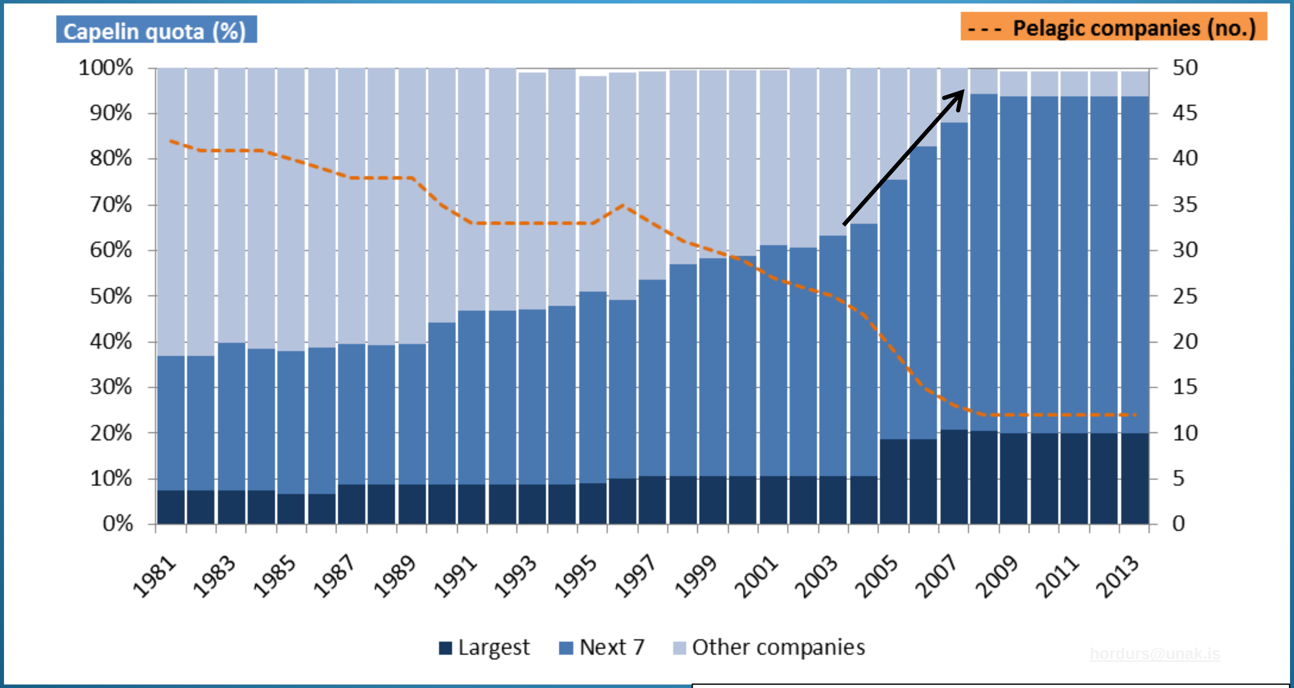
# Concentration of pelagic quotas (Capelin)

- Largest company 8-11% until 2004 / 20% from 2005 (Reached maximum limit)
- Eight major companies: 35-65% until 2004 / +90% from 2008
- Number of companies decreased 1996-2008 (Private companies bought / mergers)
- A-herring and Blue whiting quotas issued 2002 / Decline in capelin quotas past 2005




Source: Loðnunefnd / Directorate of Fisheries / Hörður Sævaldsson

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# Pelagic consolidation

- Highly concentrated industry with only 11 pelagic oriented companies left, as well they manage in excess of 1/3 of all demersal fishing rights

| Year | Companies | Capelin | I-herring | A-herring | Blue Whiting | Mackerel | Catch Iceland |
|---|---|---|---|---|---|---|---|
| 1992 | 33 | 100% | 18% | - | - | - | 920.000 |
| 2002 | 26 | 100% | 88% | 97% | 99,7% | - | 1.590.000 |
| 2012 | 11 | 99% | 99% | 100% | 100% | 82% | 990.000 |
| 2012 | 8 Major | 94% | 93% | 92% | 86% | 68% | - |
| 2012 | 5 Major | 74% | 71% | 63% | 62% | 53% | - |
| 2012 | 3 Major | 55% | 53% | 40% | 51% | 34% | - |
| 2012 | Largest | 20% | 20% | 13% | 25% | 13% | - |

Source: Loðnunefnd / Directorate of Fisheries / Hörður Sævaldsson

- A maximum quota ceiling is valid for capelin and I-herring (20%).
- Foreign investment in fisheries restricted
- Who are the possible buyers in Iceland?

# The end