

THE ROLE OF FISH MARKETS IN THE ICELANDIC VALUE CHAIN

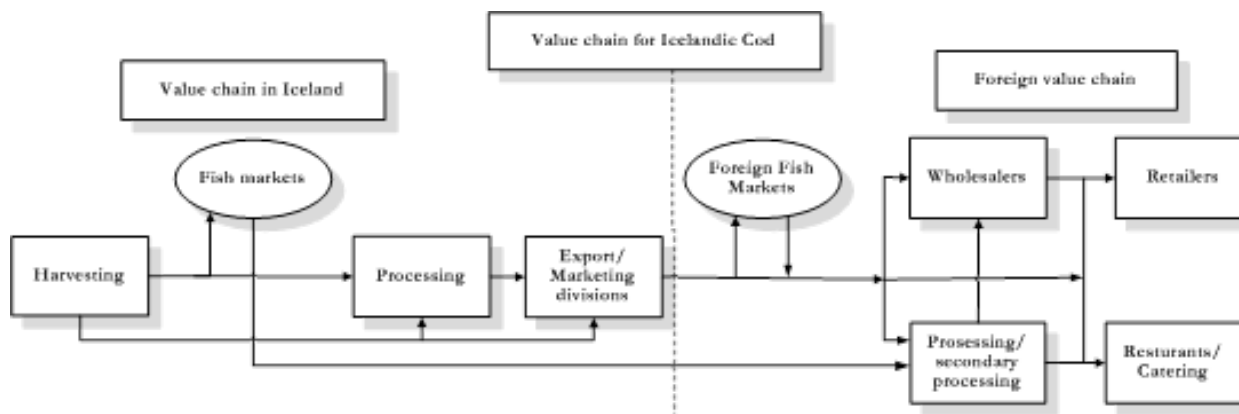
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MODES OF EXCHANGE

- In Iceland the exchange of wet fish is dominated by three modes of exchange:
 - Auction sales (fish markets)
 - Fish sourced from own vessels (vertically integrated fisheries companies, VICs)
 - Direct sales contracts between fishing vessels and processors



THE FISH MARKETS IN ICELAND

- The first fish market was established in 1986 and two more followed in 1987
- *The Fish Markets' Data Centre Ltd.*, owned by 15 independent fish markets, owns and operates the computerised auction and sales system
- The auction mechanism is of the Dutch auction type, i.e. an auction clock system. Weekly, there are six auctions during the wintertime and five in the summer time
- All biddings are done via the computerised auction/sales system
 - 15 independent fish markets,
 - up to 1.000 fishing vessels
 - nearly 30 landing places around the coastline
- Creating one virtual marketplace

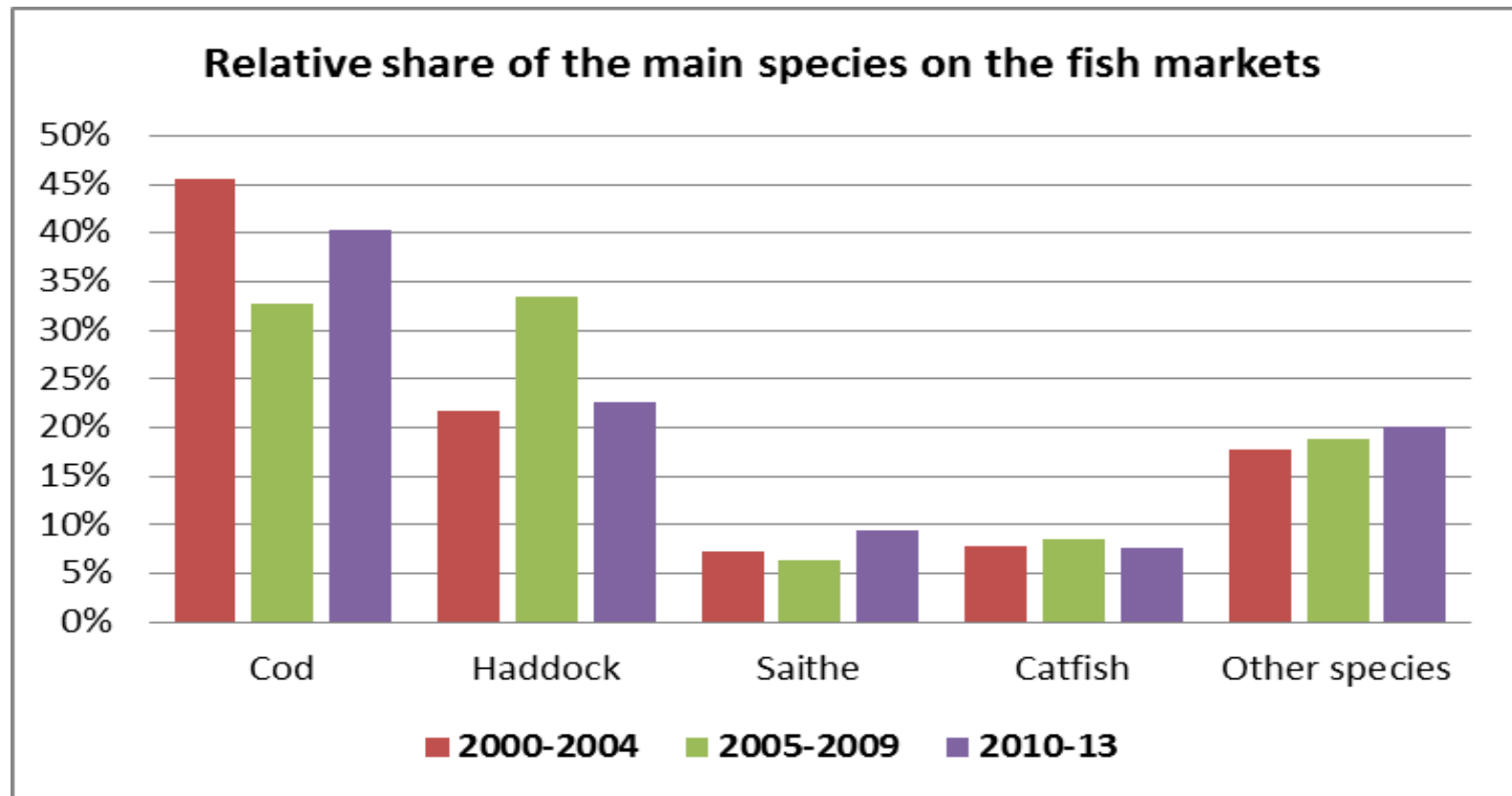


ALLOCATION OF FISH TO FISH MARKETS

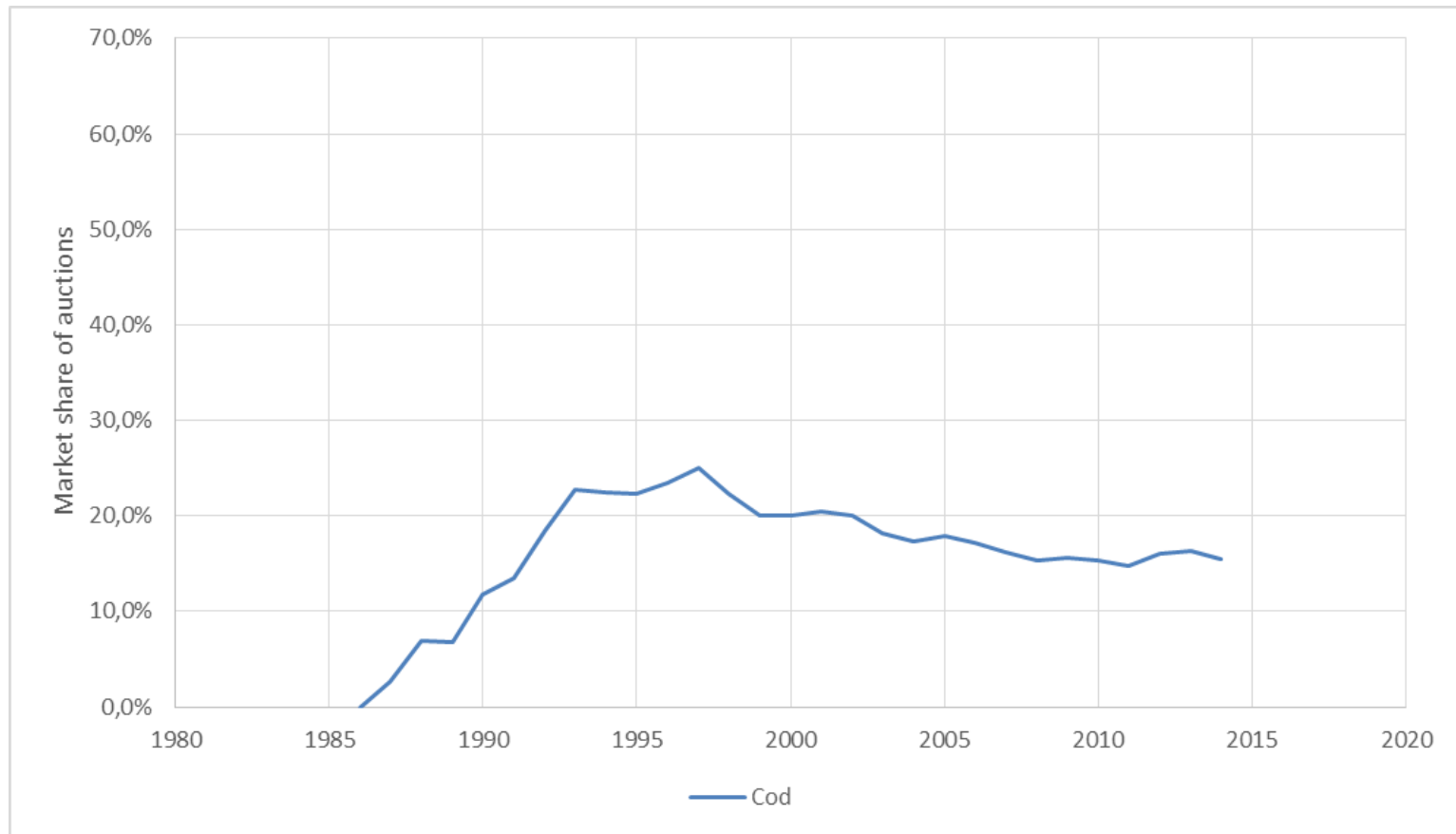
- In the first five years, the traded volume increased from
 - 22.000 tons to up to 100.000 tons
- In the last 27 years the yearly volume has been between
 - 85.000 to 110.000 tons
- Since 2000 the average turnover has been 89.000 tons



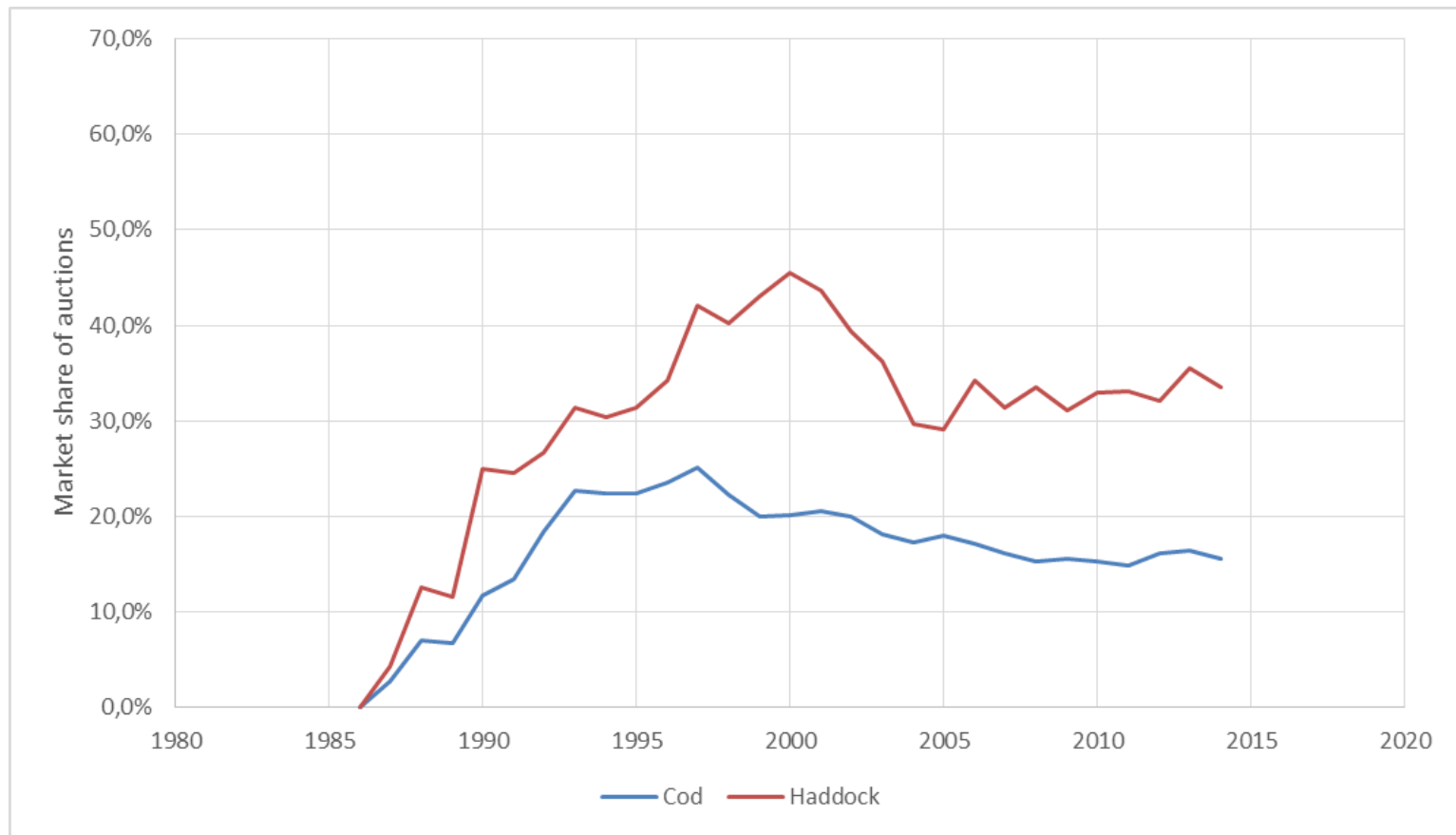
RELATIVE SHARE OF MAIN SPECIES (VOLUME)



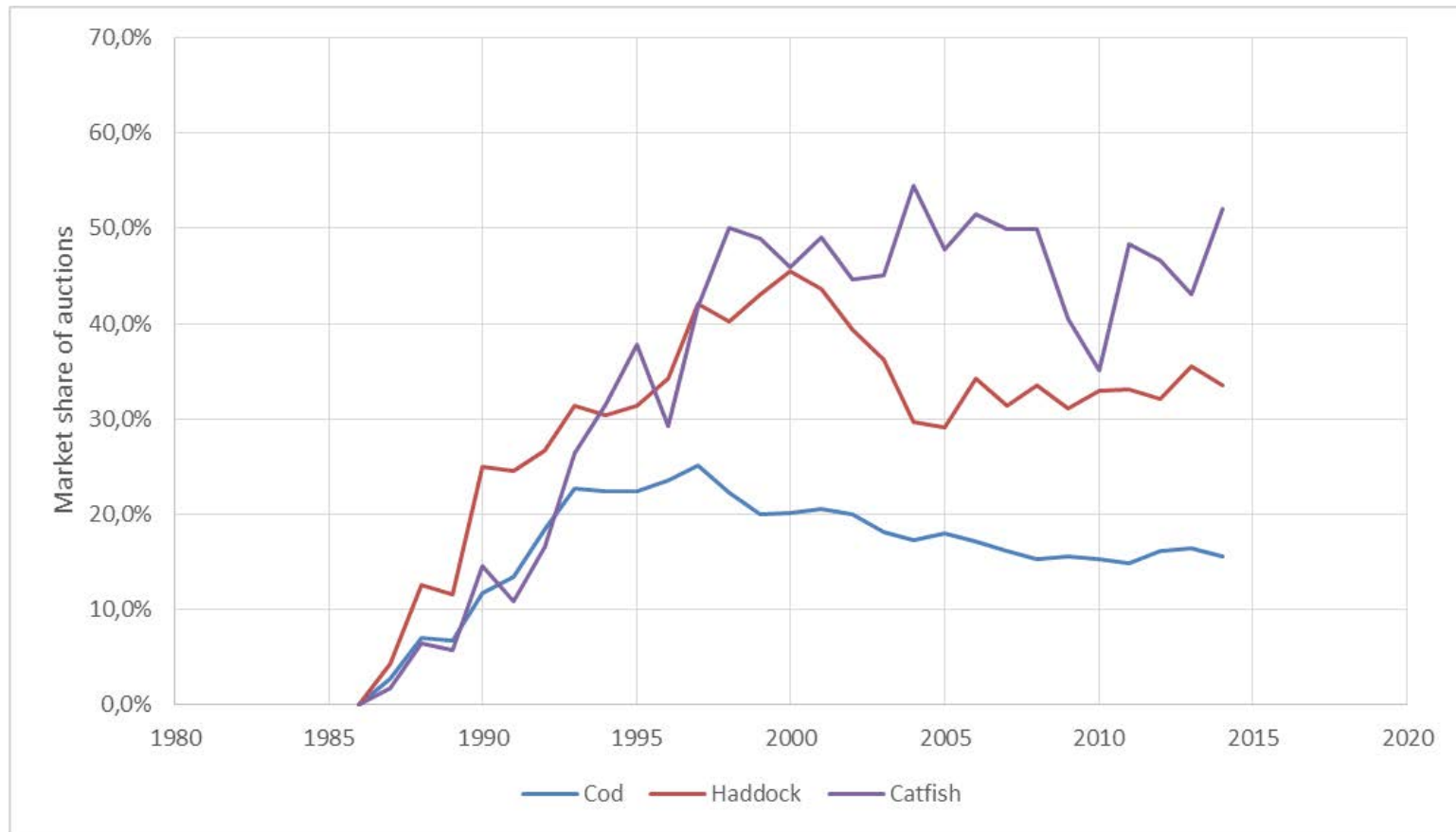
MARKET SHARE OF AUCTION



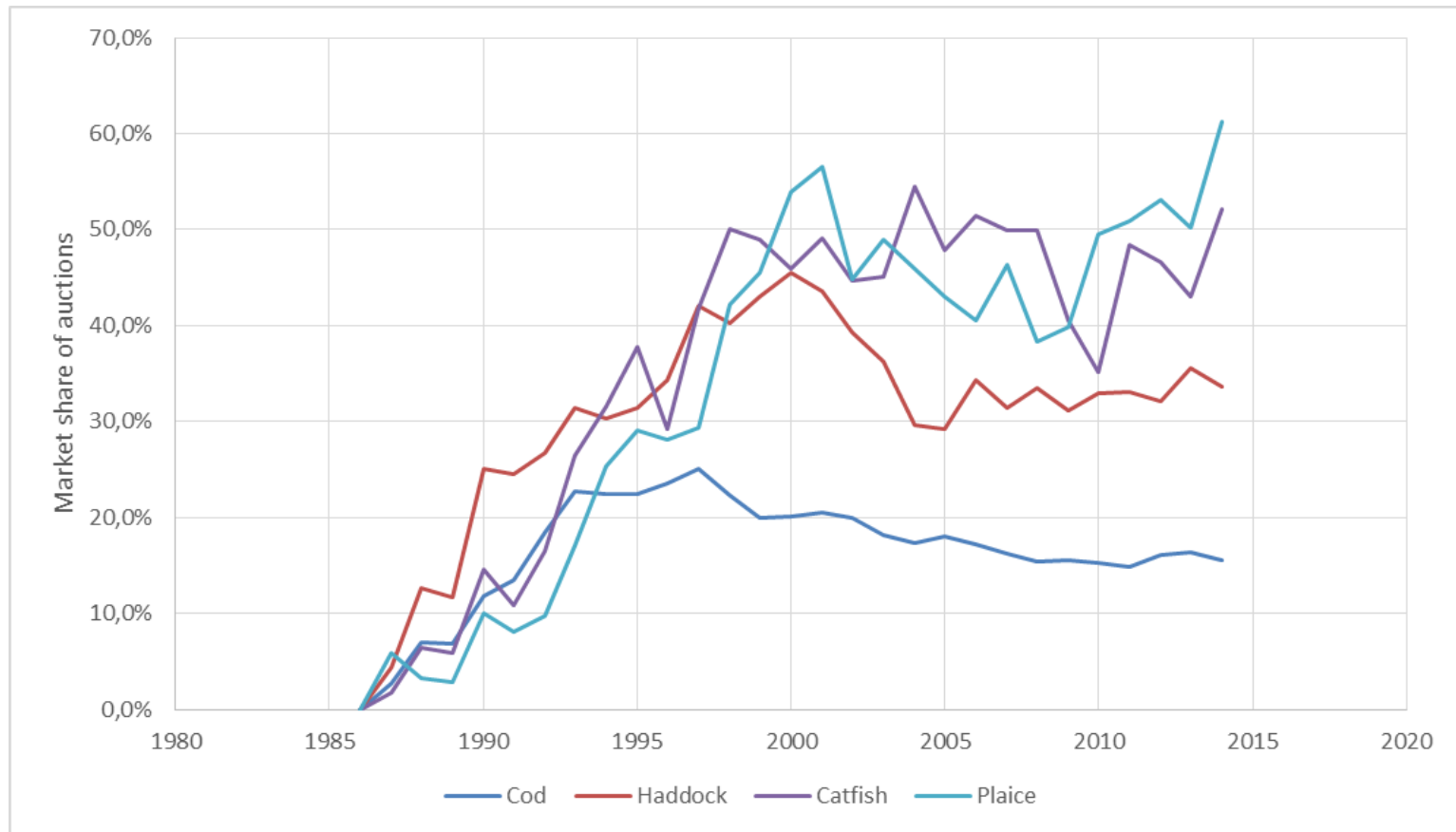
MARKET SHARE OF AUCTION

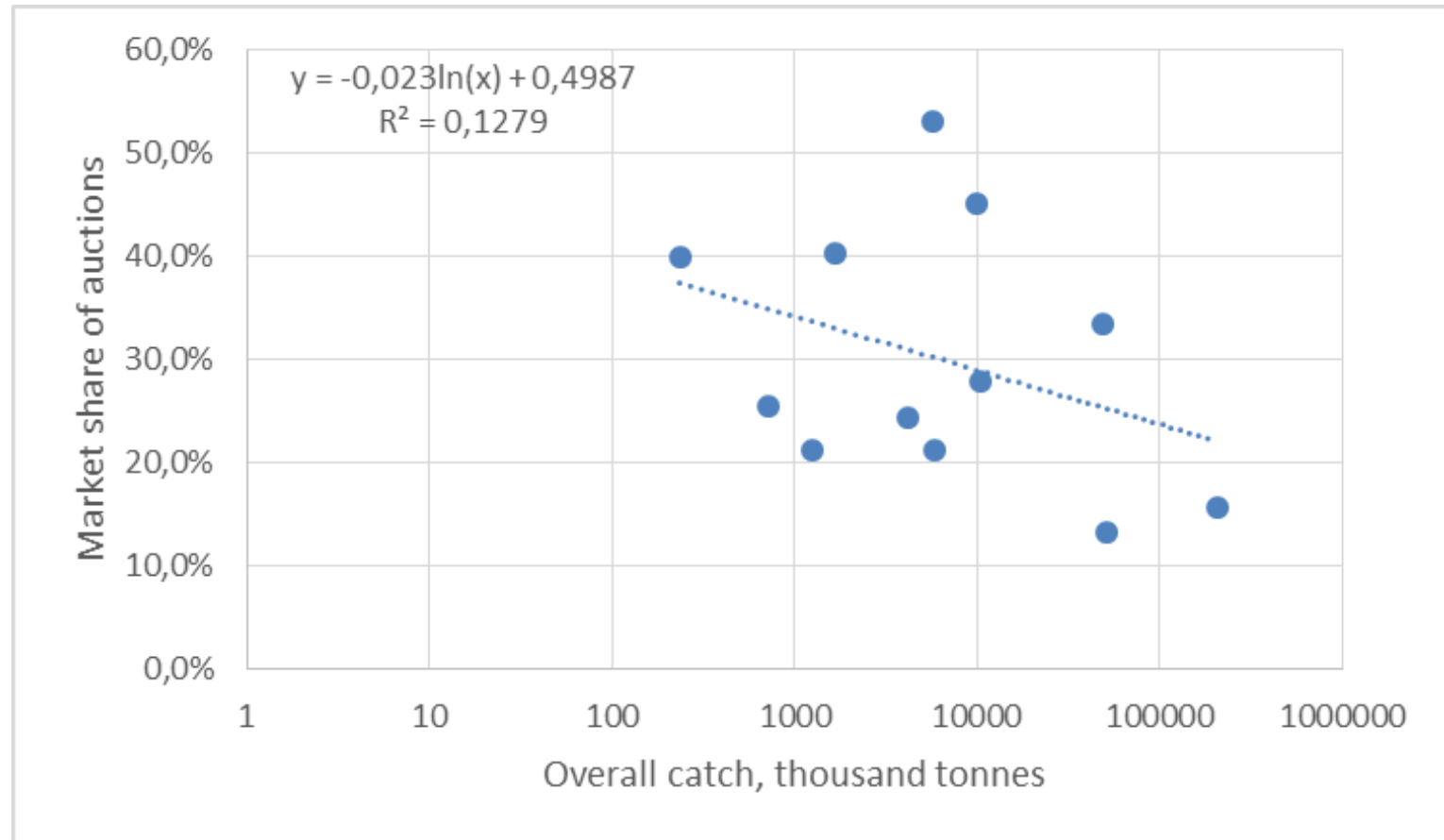


MARKET SHARE OF AUCTION

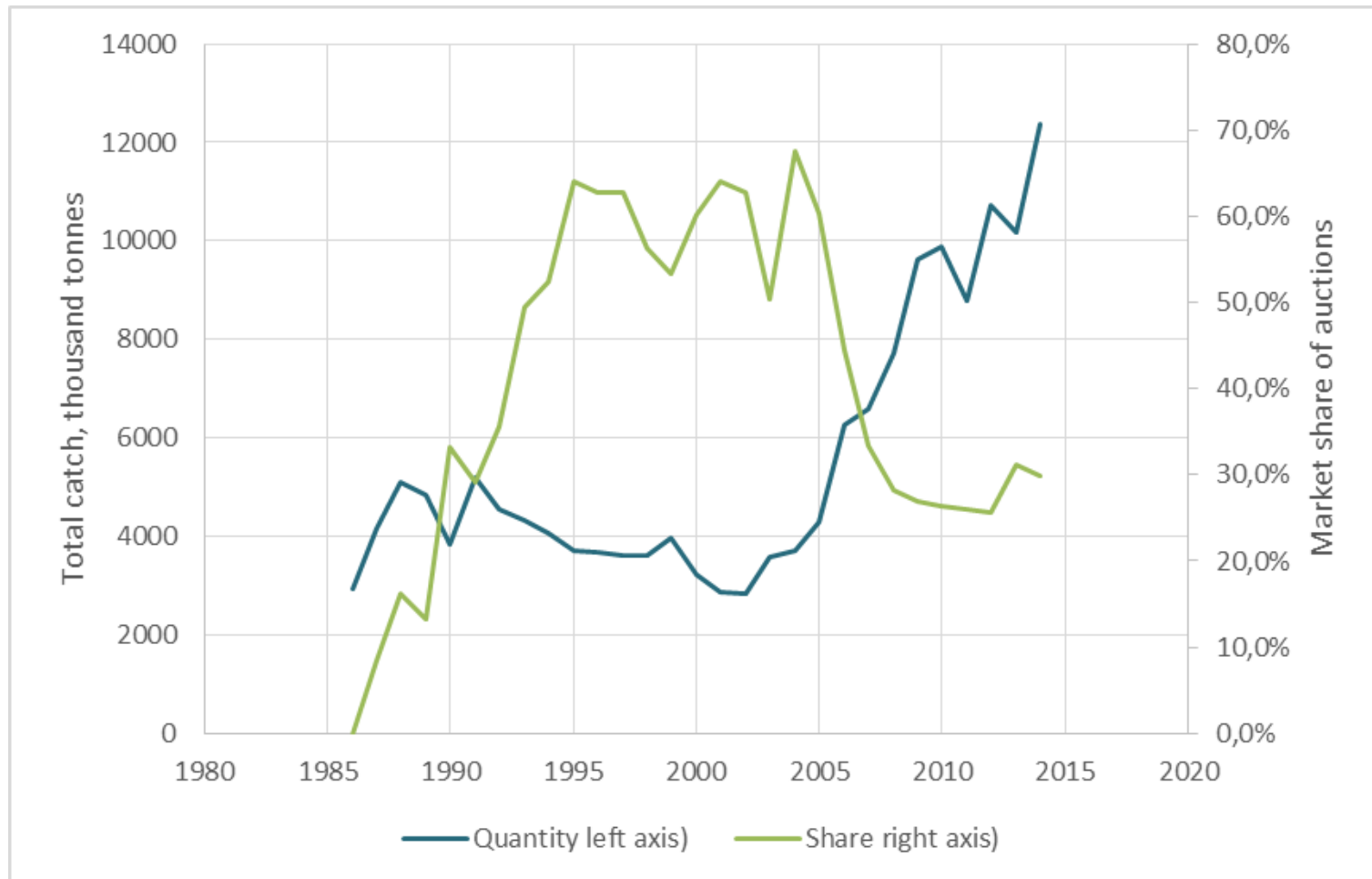


MARKET SHARE OF AUCTION





DEVELOPMENT OF LING



FEWER BUT LARGER BUYERS

- In 2000 the number of buyers of all species was over 200 but gradually this number came down to 140 in 2012 (buyers with more than 50 tons)
- The vertically integrated companies are getting more active on the fish markets as buyers and sellers.
 - This specially applies to the market trade in saithe and redfish as over 50% of saithe and around one-third of redfish sold on the fish markets goes to nine large VICs



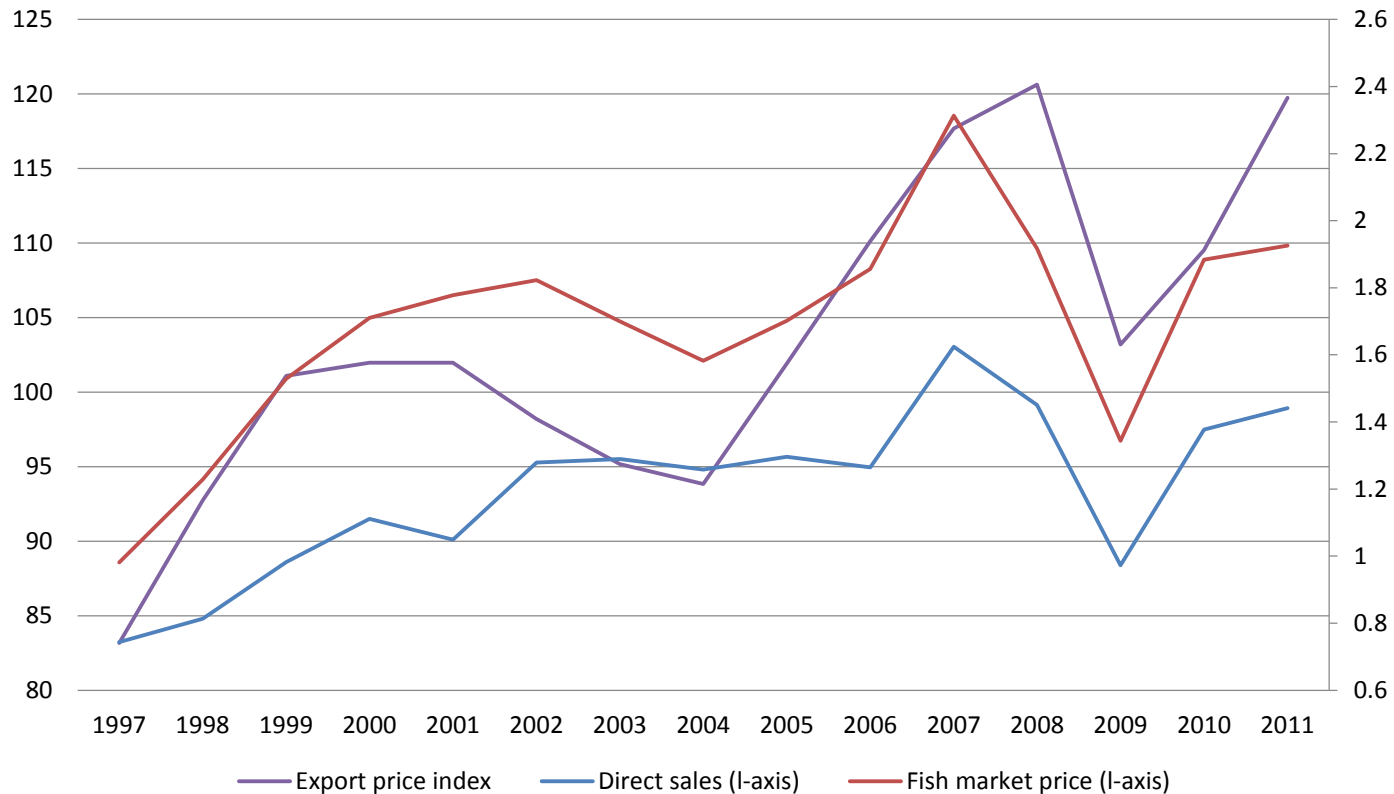
CONSOLIDATION ON THE FISH MARKETS COD

- When focusing on the **fish market trade in cod** the number of buyers came down from **170** in **2000** down to **56** in **2012**.
- In **2000** there were **41** companies buying **75%** of the total volume but in **2012**, this number was down to only **16**

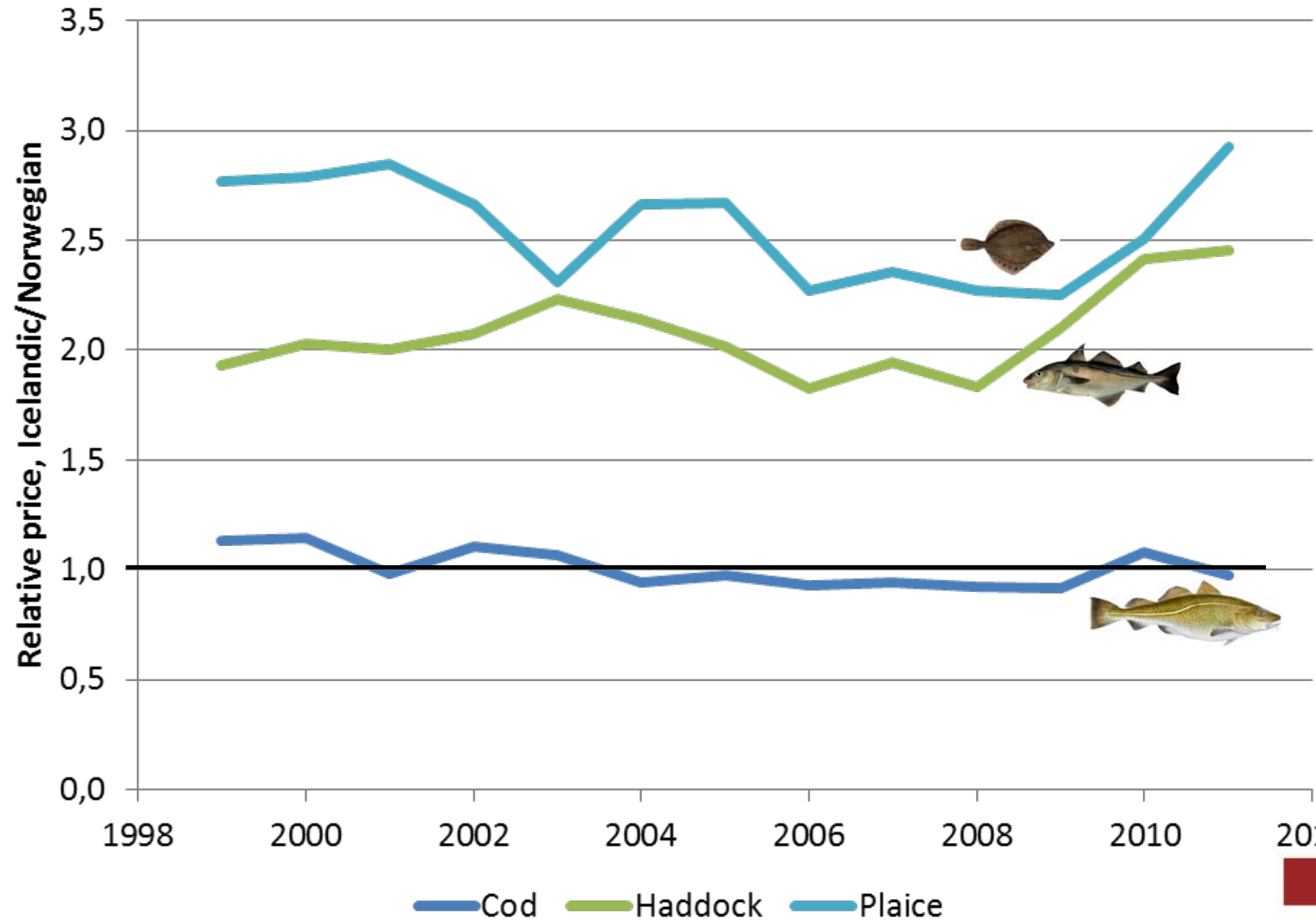
	2000	2005	2008	2012
Number of buyers	171	125	80	56
Buyers with >75%	41	28	18	16
Buyers with > 50%	18	11	8	8



PRICES OF COD VS. EXPORT PRICE INDEX (€)



RELATIVE PRICE ICELAND/NORWAY



IMPORTANCE OF THE FISH MARKETS

- The fish markets serve several roles in the fish processing Value Chain
 - they provide a stable flow of raw material to many small processors, creating a lower entry barrier for entrepreneurs in fish processing.
 - helps maintaining competition in the processing
 - foreign companies are on the market
 - they provide larger companies with opportunities to even out short run catch variations, for example in species and size.
 - they serve as a channel for by-catch species and undersized fish, allowing small quantities from many suppliers to be bought by few specialized processors.
- All of this has contributed to the progression of **specialisation**, which again is the backbone of the present production strategy of Icelandic fish processing companies allowing them to be more **flexible** and **adaptable** to different business models and situations.



THANK YOU!

