

Fishing and fish processing

An Icelandic Perspective on the EU

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Sjávarútvegsráðstefnan 2012 - Horft til framtíðar
Grand Hótel Reykjavík, 8.-9. nóvember

Overview

- Vísir and Iceland as they are today
- Obligations of the global fishing industry
- How government views its responsibilities
- How the EU management is different
- What stands in our way of joining the EU?

Vísir: A Typical Icelandic Company

- Family-owned and operated
- Founded 1965
- Own quotas
- Vertically integrated
 - Specialized fleet and production
 - Own sales channels



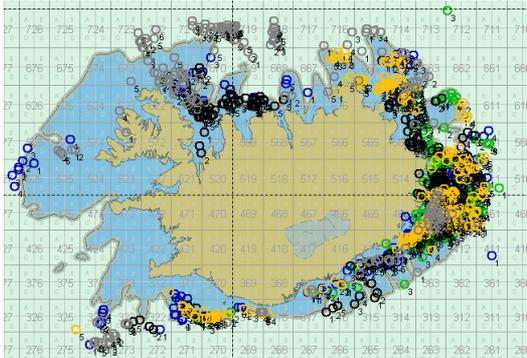
Vísir

- Grindavík, headquarters
 - Traditional saltfish
- Djúpivogur
 - Saltfish, fillets/splitted
- Húsavík
 - Portions, fresh/frozen
- Þingeyri
 - Fillets, fresh/frozen/lightsalted
- Great flexibility in production

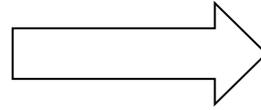


Maximise Value of Quota through Traceability

PLANNING



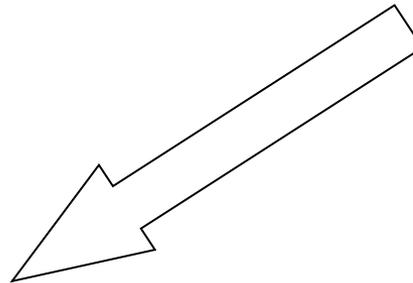
Control own quota...
(transfer/exchange if needed)



FISHING



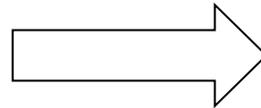
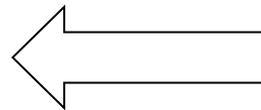
Directed Fishing



PRODUCTION



Control what is produced and where



THE MARKET



Based on market needs

Vísir in Germany: DSFU

- Deutsche Salzfisch-Union
- Located in Cuxhaven
- Saltfish processing
 - To be able to offer a full range of saltfish products
- Distribution center
 - Shorter delivery time

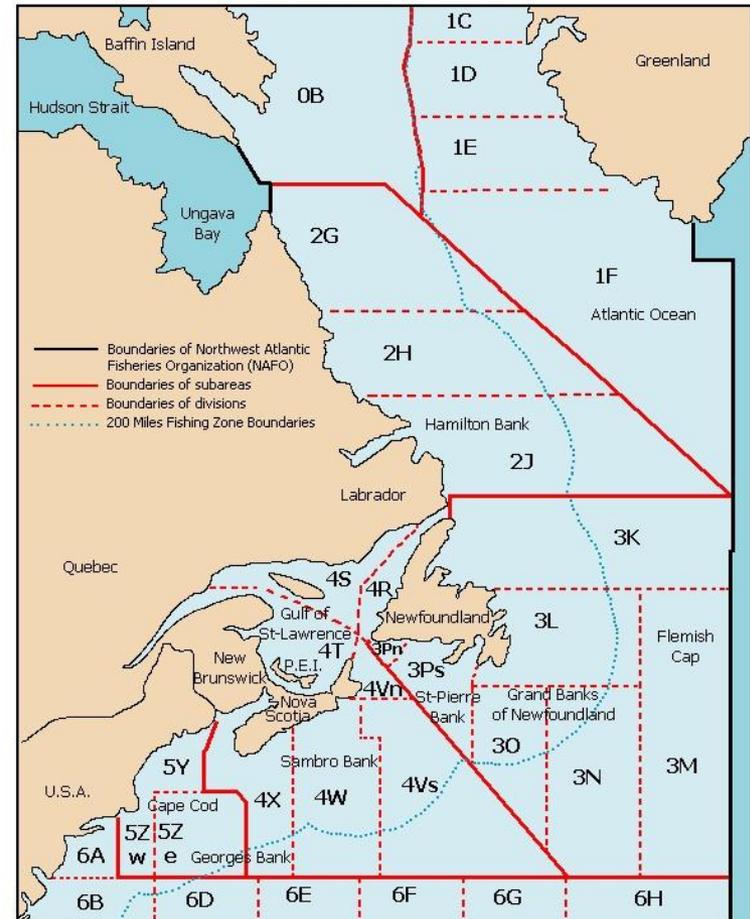


Results in Iceland

- Iceland has built up its fish stocks in the last 30 years
 - Same as most other North-Atlantic nations
- Quota system has provided the right incentives to maximize the long-term value of the fish stocks
- Long tradition of integrating fishing and processing
 - Now we have added the sales and marketing
- The quota system and the integration have enabled companies to look further ahead
 - Develop sales channels based on regular, reliable deliveries
 - Aim to fully-utilize the fish with product development

Vísir in Newfoundland: OCI

- 30% ownership in Ocean Choice International
- Headquarters in St. John's
- 32.000 tons quotas
 - ≈ 16.000 cod equivalence tons
 - Incl. 22.000 tons groundfish
- 5 vessels
- 5 processing locations in Nfld.
- Sales offices around the world



World-Wide Sales Offices

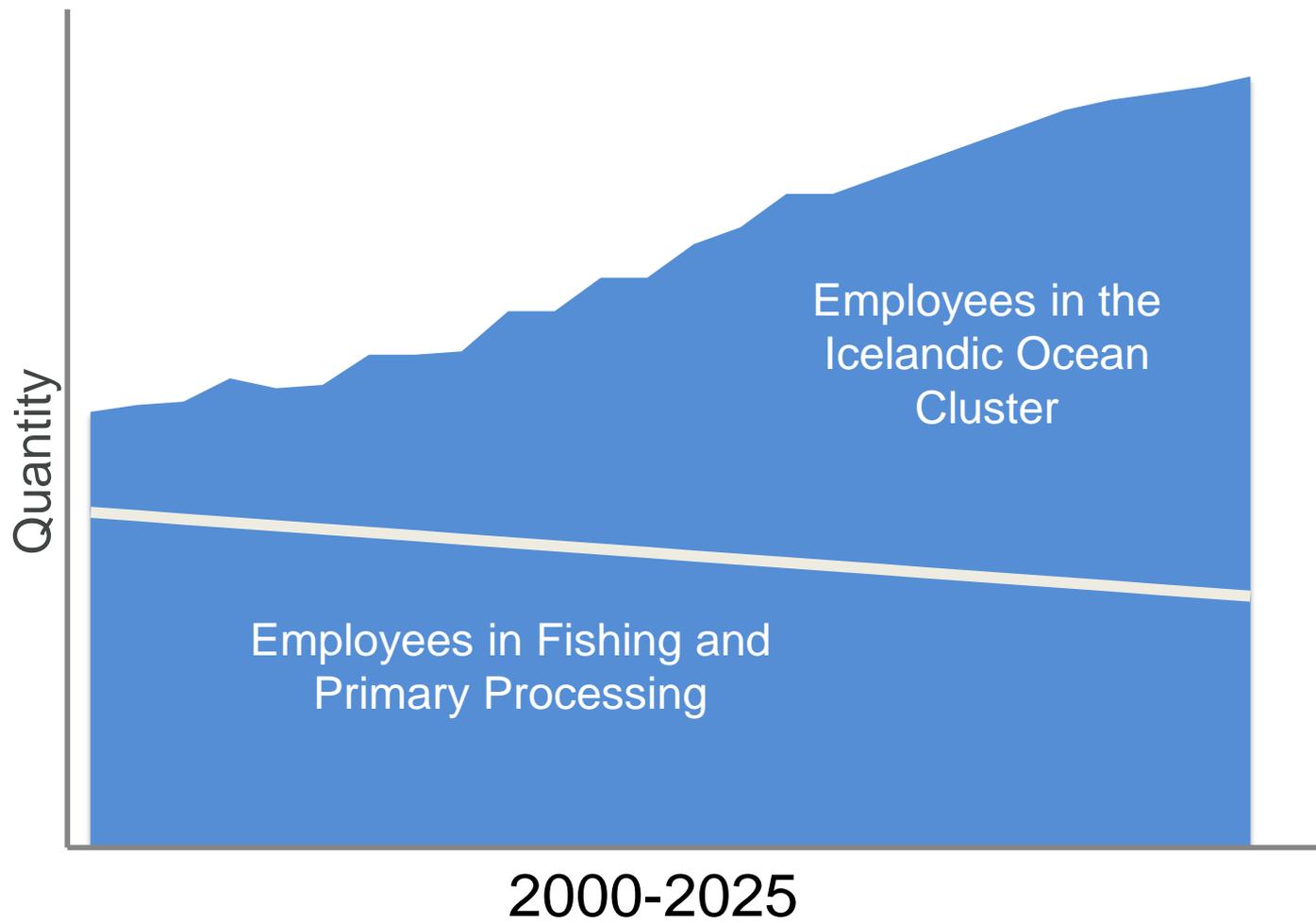


Obligations of the Fishing Industry

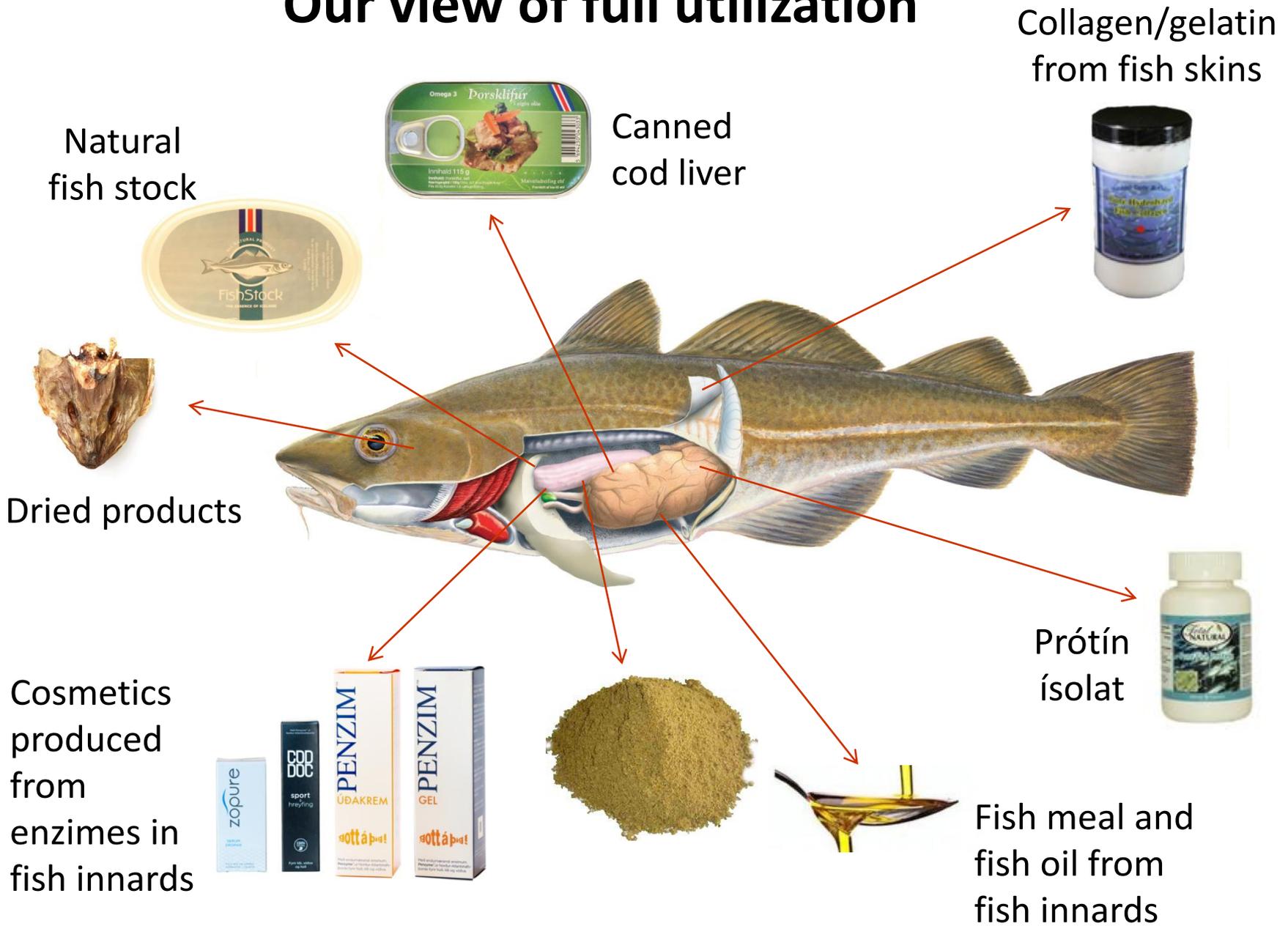
- The main obligation of the global fishing industry is to feed the world
 - We need to build up fish stocks to maximize the catch
 - We need to minimize the environmental impact of the catch, production and marketing
- These obligations should and will supersede the short-term social responsibilities of governments around the world

Government Actions in Iceland and Newfoundland

- Both are working against the global obligation
 - Icelandic Government has delayed full utilization of vessels by moving quotas to more boats, increasing the environmental impact
 - Newfoundland Government protects local workers with strict regulations on what to do with the catch
- But both have shown great responsibility in rebuilding fish stock last 20 years
 - Long tradition and respect for fishing industry



Our view of full utilization



How does the European Union Respond to the Obligations

- The EU has not succeeded in building up its fish stocks
- Financial support is used to sustain a broken system
- The result is a large environmental impact

Does Iceland belong in the EU?

Assuming EU fisheries management improves, and Brussels politics will use scientific methods to decide the total catch...

Benefits of joining the EU:

- Custom barriers will go away
- Icelandic companies will gain access to the financial support
- Stable currency with the EURO (?)

What would then stand in our way?

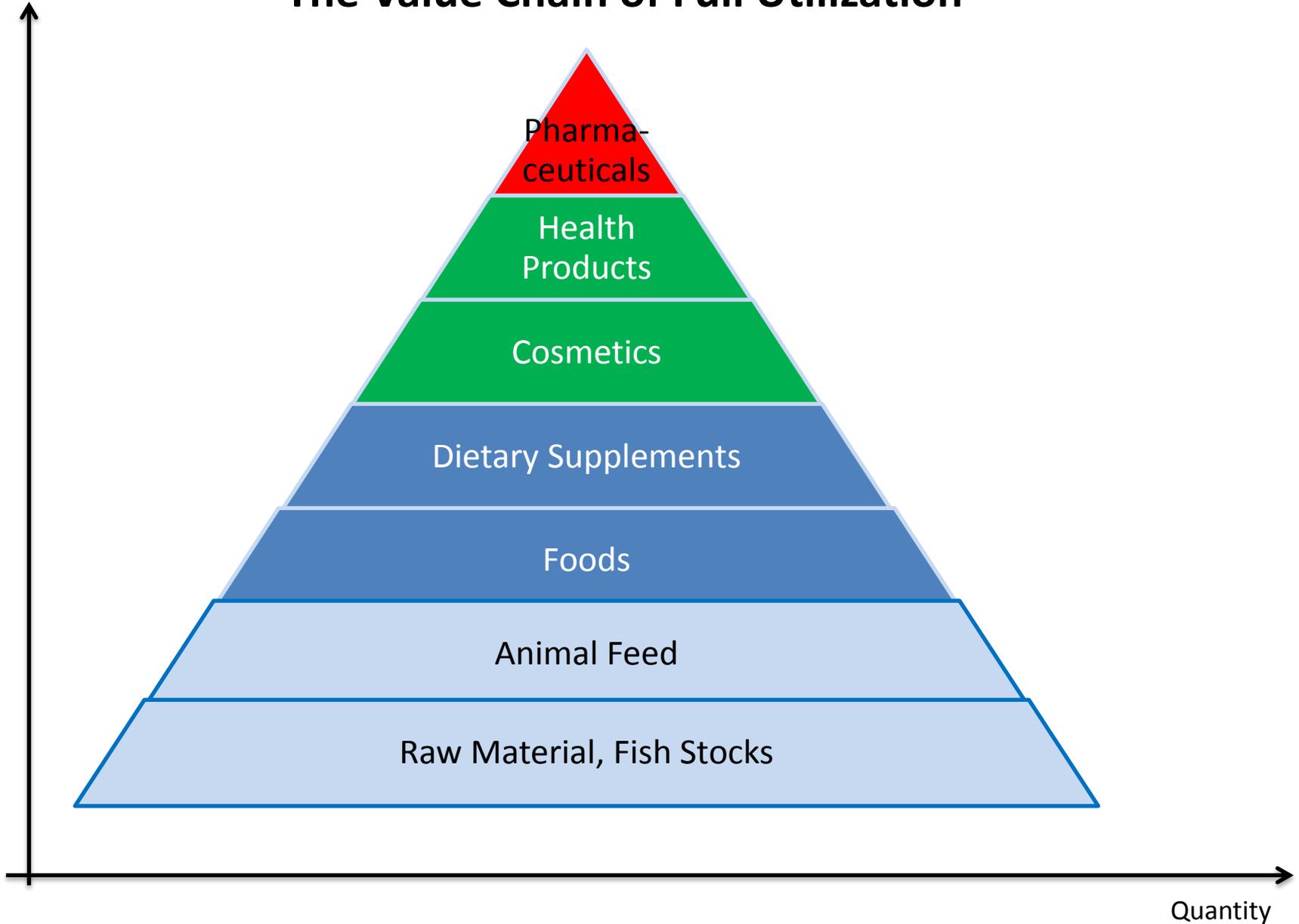
#1: Share of Future Quotas

- Fishing experiences of Icelandic companies are for fish stocks that currently reside in Icelandic waters
- Given the climate change we are seeing, it is likely that we will see new species come in and others go out
- ➔ We will lose part of total catch in Icelandic waters
- We will also lose our voice in negotiations for straddling stocks

#2: Owner politics

- Almost all companies in Iceland have had the headquarters in the same place
- All changes in locations have been when a company was sold/merged
- The location of the company depends on who owns it
- What does this have to do with the EU?

The Value Chain of Full Utilization



Owner politics and the EU

- The locations for the value-added production of the future will be determined by who owns the company
- A European company, as an owner of an Icelandic company, will make a different decision than an Icelandic owner
- This is the greatest threat to joining the EU

The Greatest Threat

- Even if we get a „good“ contract with the EU regarding fishing and primary processing, the greatest threat is that the value-added business will be located outside Iceland
- The most valuable jobs are closer to the top of the value chain and we need to fight to keep them in Iceland

Our future in Iceland is based on:

- Good fisheries management
- The right to catch all well-managed fish stocks in our waters
- The right to negotiate for our fair share in straddling fish stocks
- The capability to build up value-added production and move up the value chain
- A strong will to build the Seafood Industry up in Iceland, so we can offer the educated new generation good jobs and life in Iceland



VÍSIR

Thank you

