German Icelandic Fisheries History
Symposium in Reykjavík 14. Sept 2002

Kristján Hjaltason, MD Icelandic Services.
Iceland and the German Fish Market 1950-1990
Did Germany get the fish they needed after the 200 Miles extension?

My daily work is in marketing and service to the fish export in Iceland which influences my approach to the subject. My background and link to Germany is that I came to Germany in 1984 and worked in Hamburg from 1986 marketing and selling seafood for the Icelandic Group until I moved back to Iceland in 1997. For me it has been of great interest to look back at the time before I came to Germany. In 1996 I got Mr. Hjalti Einarsson, who had been a Director for the Group for many decades, to research into and write about the activites of our company on the continent from its foundation 1942. Among other people he talked to were Hilda Peters and she gave valuable information. His material was an important input for me and I want to thank him for that.

Main questions I tried to answer were:

- Did German consumers get their seafood from Iceland after the German fleet had to go out of the 200 miles area?
- Did the extension pay off for Iceland (and Germany)?

THE SUPPLY OF SEAFOOD FROM ICELAND TO THE GERMAN MARKET

Fishing in Iceland Waters 1950-1990

Picture 1: The Catch in Iceland Waters 1955-2000 of the main Groundfish Species.

The figures for the catch of foreigners in the past are surprisingly big. In 1955 foreigners where catching of the main groundfish species (i.e. cod, saithe, haddock, redfish and greenland halibut) over 380.000 MT around Iceland which was the the same volume as Icelanders were. And in 1970 the total volume was similar but foreigners had fallen to 315.000 MT and Icelanders grown to 430.000 MT. In 1980 the picture had of course changed a lot. Foreigners were catching only 21.000 MT while Icelanders were up to 613.000 MT. We had our 200 Miles and our fishing had increased by almost 50%. In 1990 foreigners were catching next to nothing in Iceland Waters while Iceland was catching 622.000 MT. In 2001, Iceland was catching of groundfish 400.000 MT. This is a big fall from 1990 which is a great disappointment, but as a comparison it is still close to the same volume as foreigners were catching 45 years earlier.

This picture gives a background to my article and to the battle Iceland faught to get control over the fishing within the 200 Miles.

I will mainly be looking at West Germany, but the German Fleet was all in the west part of the country after the Second World War. East Germany built a deepsea fleet 1950-1960, but did not catch around Iceland. There was therefore as far as I know never a dispute over the fishing rights with East Germany.

Even though the period that I cover should be 1955 to 1990, my main focus will be on the years were the changes took place, that is 1970-1990. I would like to start to look at the main groundfish species and see how the catch developed in this period.

Picture 2: Fishing of Cod in Iceland Waters1970-1990

By far the most important specie for Iceland was and is cod. Total catch has fluctuated a lot over the last half century. The volume over the first half of the period was much greater than it has been over the past 20 years or so. This is a great disappointment to Iceland and we cannot say that we could catch what the foreigners were catching before. The important objective of the extension to the 200 Miles did not materialise, but who knows what would have happened if we had not gotten control of our Waters.

Picture 3: Fishing of Redfish in Iceland Waters 1970-1990

Redfish was the most important specie for Germany, Rotbarsch as it is called in Germany (Goldbarsch is another name), has been the most important fish for the Friday family dish. Before the war, Iceland was only using redfish for fishmeal and fishoil production. The German Fleet was catching around 30.000 MT around Iceland and Icelanders themselves less. The German catch ends in 1977. It is interesting to see that Icelanders increased their catch after the extension and total catch increased.

Picture 4: Fishing of Saithe in Iceland Waters 1970-1990

Saithe is known in Germany as Seelachs after some marketing people developed a new product called "Seelachs in Oel" out of salted saithe that was imitating smoked salmon. The original name was Köhler (in English Saithe or Coley). The German fleet caught considerable volume of saithe around Iceland and brought it fresh (or salted?) back home. Saithe is also popular for frying and it was an important rawmaterial for the processing industry.

German catch of Saithe was 16.000 MT in 1970 but fell to 10.000 MT in 1977 with a peak in 1973 of 38.500 MT. Catch of Icelanders was stable between 50-60.000 MT, but increased in 1988 and reached in 1990 95.000 MT.

Picture 5: Fishing of Greenland halibut in Iceland Waters 1970-1990

Black halibut or Greenland halibut is a popular fish for smoking in Germany. Iceland was not catching a lot of Black halibut, and Germany only a limited volume, probably as a bycatch, but other countries had more catch. From 1978 catch by Icelanders increased considerably to around 30.000 MT.

Herring was an important specie for Iceland with a volume between 500 and 800.000 MT over many years. I could not find evidence if foreigners were catching any volume and landing it back home as Icelanders were over many years. As many know herring was for a long time the most important specie for the German market. But Iceland was not an important supplier and vessels landed abroad mainly in Denmark.

The figures that I looked at for the German catch in Icelandic figures did not match what I found in German figures for their own catch around Iceland. I mostly used the figures from the Marine Research Institute and the Buro of Statistics in Iceland.

Did the German consumers get their fish after the 200 Miles extension?

This must have been the important question for the German market.

The main period to look at is between 1970 and 1980, because then the changes took place. I want to try to answer the question by comparing the fishing by the German fleet prior to 1976 and the export from Iceland to Germany over that period and after.

Picture 6: German Catch around Iceland and Export from Iceland of Redfish 1970-1987

The main specie that Germany was after was redfish or Rotbarsch as I said before. In picture 6 you can see the development from 1970-1987. Germany stopped catching in 1978, but export from Iceland to Germany had until then been moderate around 5-10.000 MT. In the years after there was a great increase and the figure was as far as I could find out up to 25-30.000 MT in the late 1980´s. Based on my experience I think it was more. This is lower than the German fleet had been catching, the difference can be explained that we were partly exporting fillets which gives a lower figure, but maybe a similar if you calculate it up to catch weight, and as I will show later, a part of own landings by the German fleet went into fishmeal. That happened also when vessels from Iceland were landing, but at a much smaller scale. For human consumption, the market needed less volume.

Picture 7: German Catch and Export from Iceland to Germany of Cod 1970-1987
Picture 8: German Catch and Export from Iceland to Germany of Saithe 1970-1987
Picture 9: German Catch and Export from Iceland to Germany of Greenland halibut 1970-1987

I will not dwell long on other species. Cod export increased to Germany after the 200 Miles and partly replaced the lost catch. Export of frozen and fresh saithe changed very little, salted saithe had a good share and fresh also. But the German fleet had to go somewhere else to get it, probably to Faeroes and Norway. As we saw before Icelanders increased the catch of Greeland halibut considerably and an important market was Germany as we see in picture 9.

Iceland had redfish that the German market needed. Annual consumption was around 60-70.000 MT catch weight which gives around 20.000 MT of fillets. Greenland halibut was also of some importance. It seems that the market still got their Friday Fish, even though it was not caught by their own vessels.

We can see that Iceland changed from being a fishing ground for the German fleet to being a supplier of fish for the German processors and later for the German distributors of fish.

Export of seafood from Iceland 1950-1990 and situation the today.

I would like to discuss the selling of the seafood and the business between our two countries.

The Icelandic Group, or as it was called until recently, Icelandic Freezing Plants Corp., was founded in 1942 by a group of producers of frozen fish. We were their marketing and sales division. Since we have no home market (or none to mention), we always see the world as our home market.

The company founded a daughter company in USA in 1947 and before that started to try to sell on the European continent. Hjalti Einarsson started in 1956 a factory for our company in Kent near London, processing various fish products, including breaded and fried fish products.

In our annual report from 1950 you can read the following:
"Fish prices in Germany are very low, the outlook for sales is not good and all fish that was sent there in early 1949 through the Marshall help had not been sold."

It was clear that Germany had other priorities than to buy frozen fish from Iceland. This did not look promising, but despite that our first office was in Hamburg between 1954-56 when it moved to Prague. I has been said that the German market did not like frozen fish. They had bad experience with it. During the war Germany had factories in Norway to freeze fish. When the products finally reached Germany, the temperature had fluctuated considerably which ofcourse influenced the quality greatly. This attitude was therefore also a hindrance for us.

It was also a fact, that business with the East European countries was easier through the contracts between the governments of each country. They exchanged goods. Price was therefore not the main issue and the Soviet Union became strangely enough an important market for Iceland.

Between 1960-68 our company sold regularly frozen herring, cod blocks and other products to Germany. After 1970 business became stronger. We sold mainly to large importers like Norda and Kratzenstein and processors like Nordsee. Iceland had also regular business with East Germany and sold fish to Fischimpex until 1990.

An office was opened again in Hamburg in 1981. Europe was becoming a stronger market for us and Hamburg was a good place to restart business in Germany. The office was called Verkaufszentrale isländischer Kühlhäuser, which was a translation of our name in Icelandic and was selling to Germany, Denmark and many other. It is still operating with a turnover around EUR 50m. Samband of Iceland then our main competitor had been selling seafood for some time before, today they are called SIF.

Germany has been an important market for Iceland: In 1995 it was the 5th most important market for Iceland in value and in 1999 the 7th with a value of around USD 90m. Frozen fish is the most important product group followed by fresh fish. The drop has largely to do with less catch of redfish and saithe around Iceland since 1990.

The German Fish market

Picture 10: Fish consumption in Germany 1913 to 2001, Kg/capita catch weight.

Picture 10 shows figures for fish consumption in Germany from 1913 to 2001. The consumption has grown until 1990, it fell after that but has recovered in the past years to 14 kg last year.

Picture 11: Fish Consumption in Germany 1960, 1970 and 1980 by Product Groups.

In volume, herring has for a long time been the most important specie for the German consumers. It has only been in the last few years that Alaska pollack (which belongs to the cod family) has overtaken it in volume.

The product group is a way of preserving the quality and freshness. After the war canned or preserved seafood dominated the market, it was a well known method of preserving food, but today chilling is now more popular than canning. Smoking was and is also popular, fresh seafood had a large share when the German fleet was catching large volume of fish and the supply chain all over Germany functioned well.

Looking at picture 11 for the consumption for 1960-70-80, the main change is an increase in frozen and a fall in fresh seafood. This is logical since their own fleet has no areas to fish in (and the North Sea is not in good shape). Today frozen has overtaken fresh.

An important part to discuss is the role of quality. I think I can say that the German consumers are getting on the average a better quality seafood today than they were 30 years ago. Let us look at two examples.

- The fresh fish trawlers were staying around 3 weeks around Iceland before coming back to harbour. Even though the filleting took place in short time after that and the distribution over the country was very efficient, the quality fluctuated a lot. Today, in most cases only the demanded volume and the right quality is imported.
- The image of the frozen fillets was not good. Two reasons for that are probable. Firstly, as I mentioned before, the freezing chain was not good, the temperature fluctuated a lot on the way to the consumer, which made the quality suffer. Secondly, the fish that was not sold on the auction (in Bremerhaven, Cuxhaven or Hamburg), was filleted and frozen (or went to fish meal). This did not please the consumers. Today, the frozen fillets that consumers and chefs get are frozen at sea or shortly after landing in Iceland, Faroes or Norway. The smell in the kitchen that many older Germans know is gone.

THE SEAFOOD INDUSTRY IN ICELAND AND GERMANY

I will now turn to the second part of my talk and look at the seafood industry in Germany and Iceland and look at how they developed over the last decades.

Picture 12: The Supply of Seafood to the Germany Seafood Market.

Picture 12 is very interesting. It shows the supply of seafood to the German market. The development since 1950 is clear. Their own catch falls between 1970 and 1980 and has been around 240.000 MT. Import on the other hand has increased considerably to 1,7m MT last year. An important group is the fishmeal and fishoil. In 1970 117.000 MT went to fishmeal, but it is used for animal feed. The main reason is because the raw material was bad, probably due to the long voyage from the catching grounds or there were no customers for it. And then we see export growing from next to nothing to close to 800.000 MT in 2001. Even though Germany has to rely on imports for close to 80% of its supply, the processing industry is strong.

The German seafood industry

German fishing today.
The Highsea fishing fleet is small and companies are few:

- Mecklenburger Hochseefisherei in Rostock with only 3-4 vessels. This is what is left of the East German fleet of over 60 vessels prior to 1990 and is today owned by Parlevliet & Van den Plaas of Holland.
- Deutsche Fishfang Union of Cuxhaven is owned by FAB, which is owned by Samherji and people close to it. They have 2-3 trawlers.
- Ocean Food with their vessel Atlantic Peace is in German hands.

Other fishing by Germany is done by smaller vessels catching inside the German and EU Waters.

This development is normal. The Waters around Germany cannot support more fishing and the deepsea fleet has to rely on quotas far away outside 200 Miles or where the EU has paid for quotas (e.g. Greenland).

Germany as a processor and exporter of secondary fish products

Taking the different product groups into account, we can look at how the industry and distribution looks in Germany today.

Germany is a strong secondary producer of frozen fish products, it has the largest factories in the world in this area. Export has for them played an important role (as in general for the German industry). There are 5 big producers of frozen seafood, their past is often in fishing, but they have adapted to the changes by entering into processing and distribution. Ownership has changed and is today often in foreign hands.

- Frozen Fish International in Bremerhaven is a Unilever company (and has been for a long time) producing for the Iglo companies.
- Pickenpack in Lüneburg is owned by an investment company, which also owns Rahbekfish in Denmark.
- In Wilhelmshaven, the Jade Kost plant built in the upturn in 1990 is owned by Royal Greenland.
- Frosta in Bremerhaven is an AG, still owned by to a large extent by the Mr. Ahlers.
- And Hussman & Hahn in Cuxhaven is owned by FAB, which is partly owned by Samherji Group of Iceland.

Smoking is to a large extent done locally, the exception is salmon where you have strong import presence.

Canning has been strong in Germany, it has though been falling in popularity and chilled products expecially from herring have increased in popularity. Poland is an important supplier of ready products.

Fresh fish has lost share, but is still important for the catering industry and traditional fish shops. Germany has adapted to changes in import and has reduced own filleting and imports now the fillets from the place of origin all over the world. Strong companies in Germany are:

- Nordsee, the leading brand in fresh fish and specialised fish restaurants. They compete with McDonalds in fast food.
- Deutsche See, before a part of Nordsee, is the leading catering company in Germany.

Development today is that you can buy in Aldi or Lidl frozen fillets at a competitive price, the homeservice market is strong and consumption outside the home has been growing, e.g. in canteens and in restaurants.

The Seafood industry in Iceland

Fishing
Iceland has a strong fisheries management system. It is based on a quota system, that came in place in 1989. Scientists put forward annually their proposals for 12 species and in most cases the Minister of Fisheries decides the same. The quotast are put on vessels and are individually transferable between vessels. Today, the 10 biggest companies own 46% of the quota and mergers and takeovers dominate the scene. The latest change is that from 2004, quota owners will pay a fishing charge for the permission of having a part of this natural resource.

Processing
There is a strong primary processing industry in Iceland. Over half of the production is frozen, both on land and at sea. Salting is still important and the fishmeal industry is strong. A growing production has been of fresh fillets that are flown all over the world to restaurants and shops.

Marketing and production abroad

Strong export companies dominate the marketing:

- SIF has a turnover of over USD 600m. It is active in chilled, frozen, salted and fresh seafood. They have factories for secondary processing of chilled, frozen and smoked seafood in France and US, sales companies in UK, Spain, S-America, Asia and Iceland.
- Icelandic Group. Turnover was around USD 550m in 2001. Main focus is on frozen seafood, but it has started in chilled in UK. Has factories for secondary processing in UK and US, sales and distribution companies in Spain, France, Germany, Norway and Japan.
- Bakkavör. Turnover of USD 200m. Main focus is on chilled and preserved food. It has grown strongly in the past 5 years, the biggest operation in the UK, but activities are in Scandinavia, Iceland, Germany, France and Chile.
- Samherji. The biggest fish company in Iceland. Main focus is on primary processing, but has activities in Germany (DFFU and H&H), UK (Onward Fishing), Faroes and elsewhere.

Did it pay off for Iceland to get the 200 Miles?

Iceland had at the end of the 19th century only small boats, they watched foreign trawlers fish real volume outside our fishing zone. Around 1900 Iceland bought their first trawlers and with them came the industrial revolution and many changes for the country. Foreigners kept fishing huge volume until 1976, when we got control over our waters and today the volume caught by foreigners is very small. Iceland is dependent on what the ocean gives us and we need to control our own waters.

The important factor for us today is the fishery management. Stocks need to be managed on the basis of sustainability because future generations shall be able to utilize them also. This would not have been possible without the extension of the fishing zone to 200 Miles.

Iceland has specialized in primary production of seafood, Germany in secondary production and distribution based largely on imported raw material. This is in my mind a very natural development and I am sure that it would have happened, even though we had not brought the fishing are to 200 Miles. The development has been natural and good for both countries, they have specialised in areas where their strength lies. That should in the end be good for the consumers.

Main sources:

- Buro of Statistics in Iceland
- Marine Research Institue Iceland
- Mrs. Hilda Peters, Bremerhaven, Germany.
- Mr. Hjalti Einarsson, Gardabaer, Iceland.
- Various offical reports from Germany