



Humarklasi: Meeting 27th August 2010

Vision for the lobster industry in Iceland

To start with

- My background:
 - 24 years in seafood, mostly outside Iceland in sales, marketing, logistics and top management
 - Worked as a consultant for seafood companies
 - Active in sales of lobster on the continent and working with producers in Iceland

To start with

- To succeed companies need to:
 - Fulfill market requirements
 - Position yourself clearly against the competition
 - Sell to the most suitable and demanding markets, they usually pay the best price
- Seafood industry in Iceland:
 - Strong, flexible, efficient and market driven

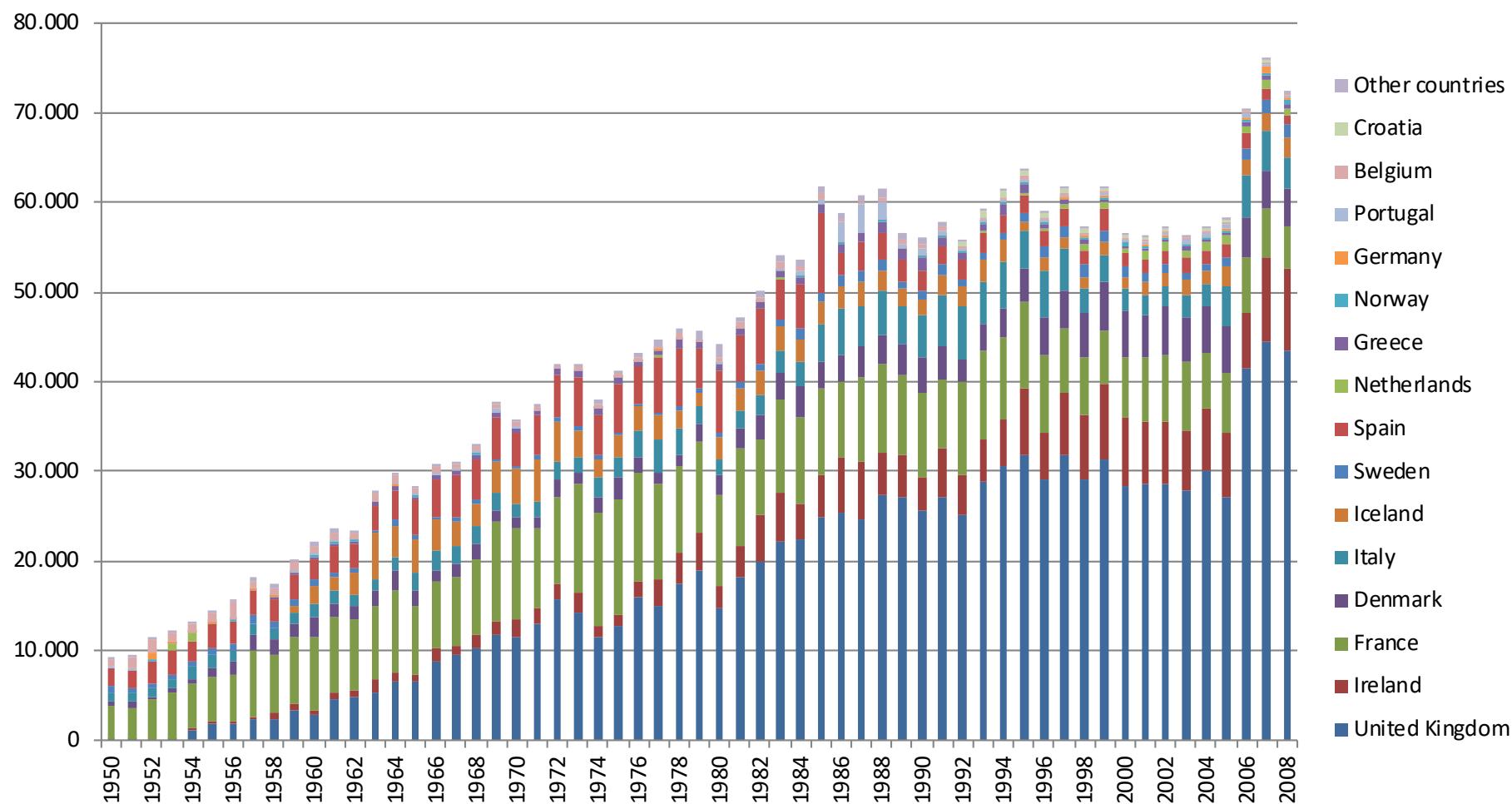
Overview

- Supply of Nephrops norvegicus
- The Market in Europe
- Analyzing Nephrops from Iceland
 - SWOT analysis
- What do the markets want?
- A vision for the industry in Iceland



SUPPLY OF NEPHROPS NORVEGICUS

Harvesting of Nephrops has increased to over 70,000 MT after 20 years between 55-60,000 MT



Main harvesting nations 2008

2.100 MT

1.500 MT

43.500 MT

4.300 MT

9.200 MT

700 MT

4.500 MT

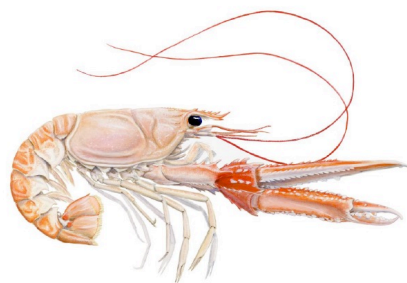
1.100 MT

3.600 MT

Distribution of *Nephrops norvegicus*

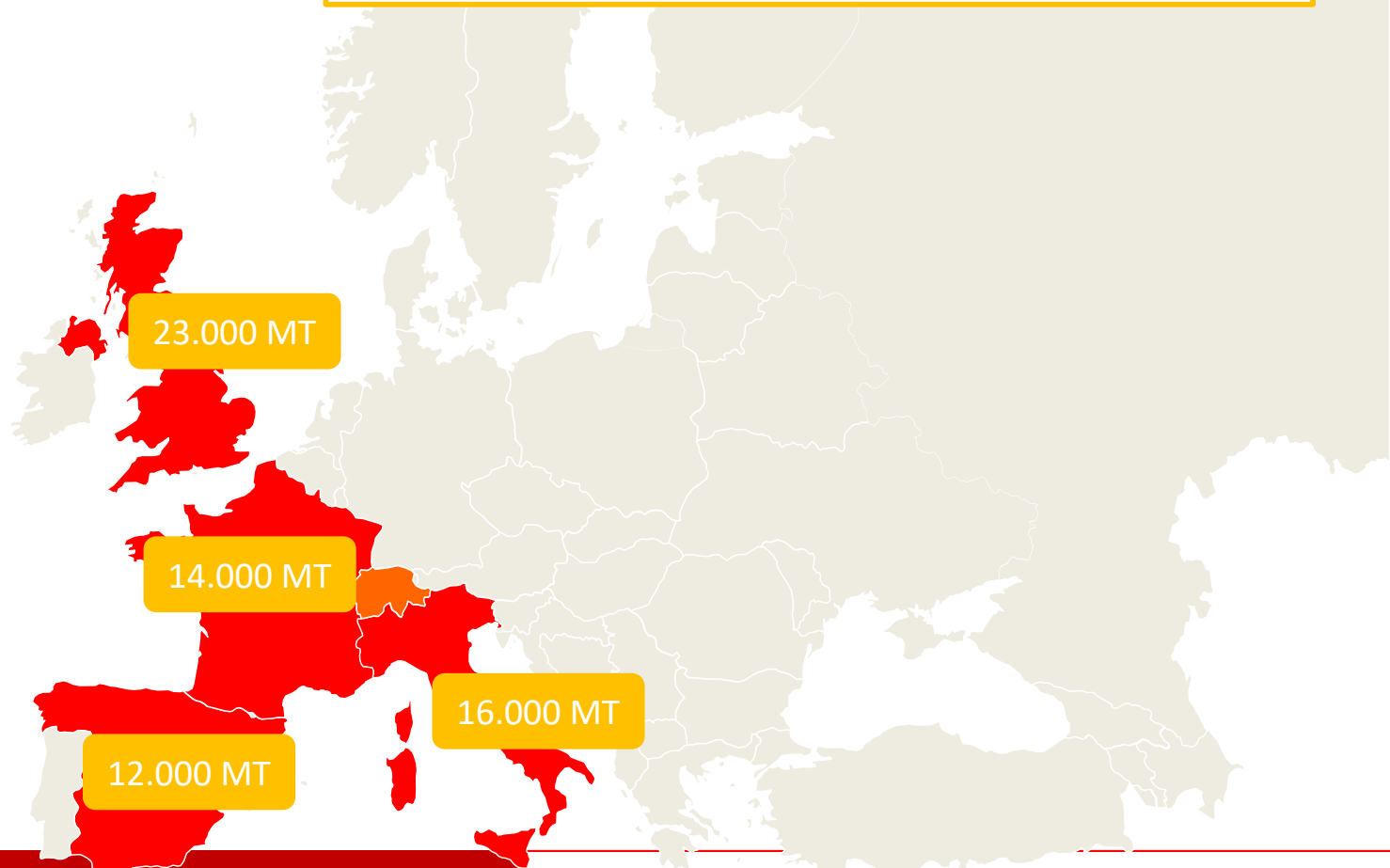


Source: FAO



MARKETS IN EUROPE

Main markets for Nephops in Europe in MT, Catch weight



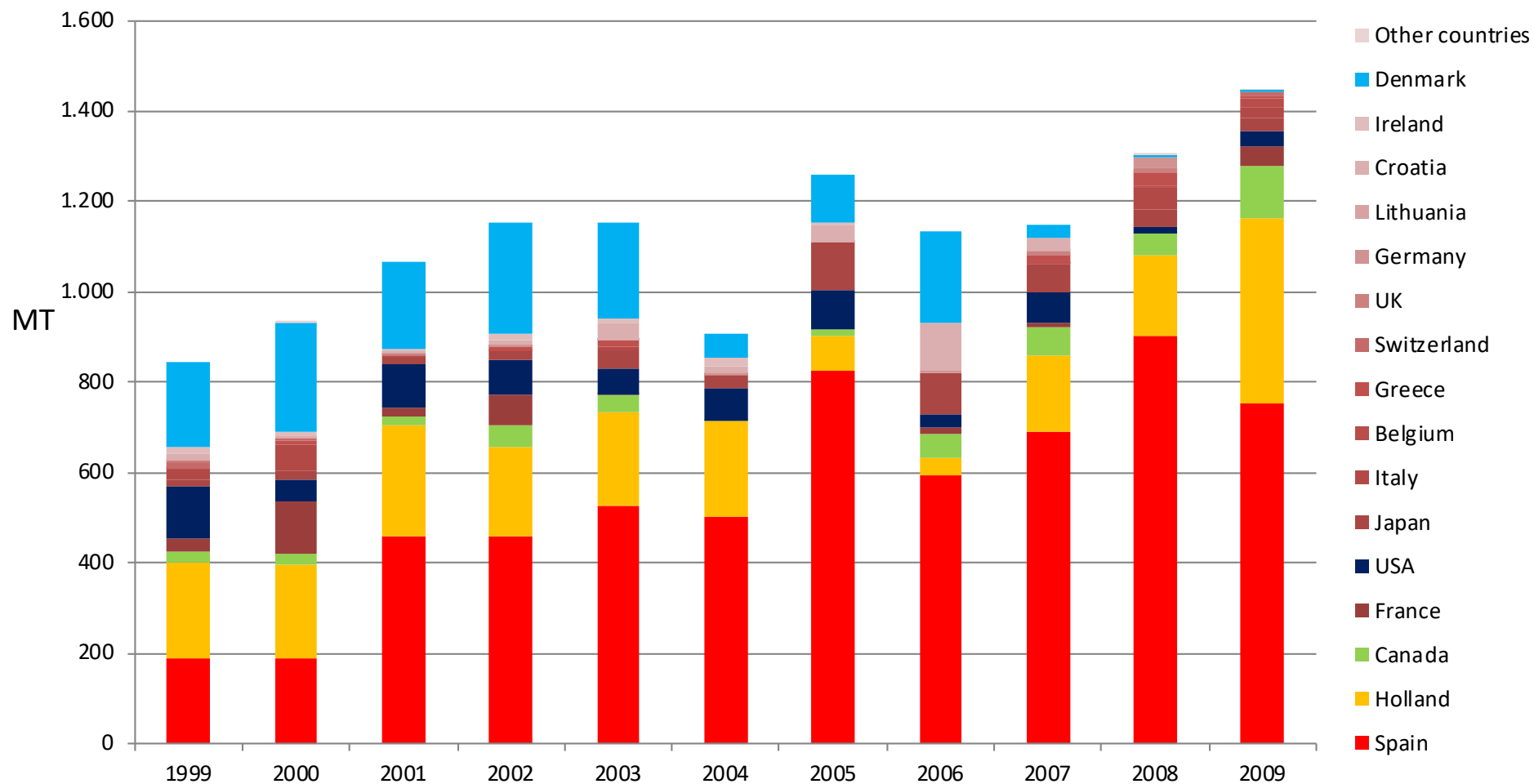
Source: FAO, various



NEPHROPS INDUSTRY IN ICELAND

Export from Iceland 1999-2009

Main markets, MT



Source: Hagstofan

Strengths

- Nephrops is a wild specie in limited supply
- Good fisheries management, good stock condition and good traceability
- Expensive product
- Large Nephrops compared to other fishing nations
- Iceland, good image
- Few and efficient harvesters and producers

Weaknesses

- Iceland is a small player, less than 3% of annual catch of Nephrops
- Short harvesting season: April-August, makes it expensive to invest in processing technology
- Catch does not coincide with consumption
- Black lobster (bag-lobster)
- Far from the main markets: Transport of fresh/live to markets is expensive
- Confusion with the name: Many names for scampi, that confuses the markets and consumers.

Nephrops norvegicus is...

Humar • Leturhumar • Dublin Bay Prawn • Norway
lobster • Scampi • Cigala • Lobster • Kaisergranat
• Tiefseehummer • Nephrops • Langustine •
Langoustine • Jomfruhummer • Lagostim •
Langoestine • Sjøkreps • Karavída •
Keisarihummeri • Havskräfta • Akazaebi •
Lagostim • Camarão-pitu

Threats

- Farmed shellfish in huge supply offers many advantages to customers
- The current economical situation reduces demand for expensive products
- Suppliers of seafood need constantly to meet more responsibility towards consumers
- Use of chemicals is viewed negatively
- Skyrhumar, mjölhumar
- Critical discussions about the conditions of the oceans and the state of wild stocks
- Strong competition from other suppliers of Nephrops, other scampi species and farmed shellfish and shrimps
- Farmed shellfish is often from low wage countries that offer interesting packaging and presentations

Opportunities

- Wild species are of interest to the market, it is in limited supply, healthy food, natural taste etc.
- Distributors are always looking for something special and lobster offers that to them
- Emphasize the strong image and speciality of Iceland
- One of the best seafood consumers can get



WHAT DO CUSTOMERS WANT?

Important issues

- Reliable suppliers
- Delivery stable and promised quality
- Be different
- Follow trends and adapt to new demands
- Use of chemicals is an important issue
- Sustainability
- Inform customers and market about your products

Use of chemicals is an important issue

- How is the situation in Iceland?
- Well managed, clear rules, adhering to regulations?
- Chemicals can be a risk for fishermen, processors and consumers
- Allergies, growing concern
- Labelling: what is labelled?
- Are your customers well informed?
- Do you distinguish between chemically treated and non treated products?
- In the end, the producer is responsible toward consumers!

Instructions for producer in Ireland

on production, use of chemicals and other important issues.

- Sulphites are some of the oldest and most widespread preservatives used in foodstuffs, however, sulphites, when present in foodstuffs, can cause allergic reactions in vulnerable consumers and can constitute a danger to health.
- In addition, metabisulphite is regarded as a causative agent of asthma attacks if handled incorrectly. In accordance with these food safety and operational health issues, EU Directive 2003/89/EC, which came into force on the 25th of November 2005, has made allergen labelling a requirement for all sulphite treated foodstuffs, when concentrations exceed 10mg/kg.
- There are various commercially available products that have sodium metabisulphite (E 223) or alternatively sodium hydrogen sulphite (E 222) as a constituent, and these are generally easier to use onboard than traditional sodium metabisulphite. In addition, manufacturers claim that when used correctly, they consistently yield lower sulphite residue levels.
- Nonetheless, the additive code (e.g. E 223 or E 222) is required on the label even if levels are below the permitted concentration of 10mg/kg. If these additives exceed the permitted concentration the label must state the full chemical name (e.g. sodium metabisulphite or sodium hydrogen sulphite) rather than the additive codes.



Sustainability

Increasing pressure for certification from customers

- Increasing number of buyers that buy seafood from sustainable fisheries and who want it certified by third party.
 - Findus Group (Youngs, Findus, Seafood Company)
 - Birds Eye Iglo
 - Rewe, Germany
- Reasons:
 - Reduce risk for the company and own brands
 - Differentiate from the competition
 - Wild fisheries is under increased discussion and criticism.
- Only MSC offers a system for certification of wild fisheries
 - 94 fisheries have been certified under the MSC system
 - 118 fisheries are undergoing assessment.
- Icelandic fisheries has created its own label for responsible fisheries and the first fisheries, cod, should be certified this winter.
- The Icelandic lobster industry needs to evaluate what to do.





Certified Nephrops fisheries

- 2 Nephrops fisheries have been certified:
 - Loch Torridon nephrops creel fisheries; 120 MT
 - Stornway nephrops trawl; 17,700 MT
- 5 further Nephrops fisheries are undergoing assessment:
 - Clyde nephrops creel
 - Clyde nephrops trawl
 - North East England lobster pot fishery; 500 MT p.a.
 - Scottish Fisheries Accrediation Group (SFSAG) North Sea nephrops; 15,000 MT
 - Southern Norht Sea nephrops; 4,000 MT
- In addition, many other lobster fisheries have done the same as well as other shrimp fisheries.



VISION FOR THE NEPHROPS INDUSTRY IN ICELAND

Vision for the Nephrops industry in Iceland

	VISION	ACTION
1	Use a name that distinguishes your product from other origins, e.g. Nephrops from Iceland	All producers take up the same name on packaging, labels and sales material
2	Position Nephrops from Iceland clearly on each market and distinguish it from others supplies	Emphasize size, season, quality, taste
3	Wild Nephrops from sustainable and well managed fisheries	Think seriously about certification
4	Use good image of Iceland to support marketing work	Iceland Naturally, Inspired by Iceland, cold and clean waters,
5	Only premium quality Nephrops from Iceland	Secure minimum standards for all Nephrops from Iceland
6	Controlled use of chemicals, properly labeled and informed customers	Set clear rules for usage and labelling and keep customers informed
7	Follow market trends and utilize best sales channels	Demand for fresh/live is growing and pays best prices
8	Service the domestic market	Tourists hopefully eat Nephrops here and go home with a good experience
9	It is about consumers eating pleasure: Supply the best seafood consumers can get	Freshness, color and taste



Nephrops from Iceland
Nothing like it!