VULNERABILITY IN ICELANDIC COSTAL COMMUNITIES – COMPARISON WITH NEWFOUNDLAND

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General comparison

ICELAND:
• Nation
• Island
• 280 thousand
• Coastal towns and villages
• 75% of population in the Southwest Region

NEWFOUNDLAND:
• Province
• Island + Labrador
• 520 thousand
• Many small outports
• Many single industry resource towns
• 50% of population in the St. John’s Region
General Comparison, cont.

- Population growth
- Very low unemployment
- Strong local government

- Stagnant/declining population
- High unemployment
- Weak local government
### General Comparison, cont.

- **Large farming areas**
- **Lutheran state church**
- **Export-based**
- **Fish, hydro-power and geothermal energy**

- **Small farming areas**
- **Many religious groups**
- **Export-based**
- **Fish, hydro-power, minerals, timber and offshore oil**
Fisheries Comparisons

ICELAND 2002:
• 2,133,327 tonnes
• 484,983 groundfish
• 1,593,413 pelagic
• 54,765 shellfish
• Person-years:
  • 5,300 fishing
  • 6,400 fish processing

NEWFOUNDLAND 2002:
• 267,470 tonnes
• 59,880 groundfish
• 50,750 pelagic
• 156,840 shellfish
• Person-years:
  • 8,400 fishing
  • 7,900 fish processing
Fisheries Comparisons cont.

- Value of landed catch in Iceland is ca. 3 times larger than in Newfoundland.
- Value of landed catch per fisherman is 4–5 times greater in Iceland than in Newfoundland.
Fishing industry – structural difference between Iceland and Newfoundland

• Historically the groundfish catches were of comparable size during most of the 20th century

• Pelagic catches have always been much larger in Iceland

• Newfoundland has become much larger in shellfish over the last few years.
Fishing industry – structural differences between Iceland and Newfoundland

• The fishery in Iceland has been much more capital-intensive and less labour-intensive than in Newfoundland since ca. 1900.

• Spatial concentration of fishing bases in Iceland into ca. 60 strong fishing communities 1900–1940, while 600–800 fishing bases remained in Newfoundland throughout the 20th century.
Governing the fisheries

ICELAND:
• Domestic control of fish resources
• One ministry
• No fishing zones
• Individual quotas are transferrable
• Unrestricted utilization or sale of catches

NEWFOUNDLAND:
• External control of fish resources
• Two ministries
• Fishing zones
• Restrictions on transfer of quota/licences
• Restrictions on sales of catches
Governing the fisheries cont.

• ICELAND
  • No licencing of fish plants
  • Law on auction markets for fresh fish
  • Market prices for fish
  • Special community quota

• NEWFOUNDLAND
  • Licencing of fish plants
  • No auction markets for fresh fish
  • Collective bargaining of fish prices
Strategic weaknesses of the Icelandic/Newfoundland fisheries

- Fresh fish fetches higher prices and is in greater demand than frozen fish.
- Chinese fish plant workers cost 36 times less than their Icelandic counterparts.
- 10% annual growth of aquaculture since 1990, now over 40 m tonnes production.
- About half of fresh and frozen seafood consumed in North America is farmed.
Strategic weaknesses of the Icelandic/Newfoundland fisheries

- Aquaculture has brought in consistency of supplies and lower prices in comparison with the fisheries.
- If a fish stock is depleted it doesn’t necessarily come back.
- Heavy reliance on export markets.
Lessons from Iceland

• Experience of ITQ’s:
• Reduced fishing effort, better returns
• Many rich quota owners and sellers
• Fewer fishermen, higher salaries
• More efficient utilization of catches
• Corporate concentration into a few groups traded on the Icelandic Stock Exchange
Lessons from Iceland, cont.

• International operations of the big firms
• Very few family-owned firms left.
• Growth of small inshore fishing boats, very efficient 1–2 man operations
• Economic reliance on fisheries is declining, but strong economic growth
Lessons from Iceland, cont.

• Unstable and bleak future for many fishing communities.
• No unemployment as out-migration is strong – many opportunities in Reykjavík
• Small peripheral communities receive a community quota
• Extra privilege for long-liners have been promised by the government
Lessons from economic development in Iceland

• Steady growth of tourism
• New hydro-power schemes and aluminum smelters
• Since 1995 growth of biotechnology, pharmaceuticals, IT, financial services and professional services.
Can Newfoundlanders use the Icelandic experience?

• Management of the fish resources
• Unrestricted utilization of catches
• Too much government involvement – why do you need to licence fish plants?
• Too generous employment insurance?
• Take aquaculture seriously, both as a threat and as an opportunity
Can Newfoundlanders use the Icelandic experience, cont.?

• Bring in tourists from Europe – more flights to and from Europe?
• Strengthen local government – fewer and stronger municipalities
• Develop Lower Churchill Falls on your own