



Memorandum: Icelandic Frozen Fillets.

Bjarni Benediktsson – Stjórnmal – Utanríkisráðherra – Utanríkismál – Minnisblað – Íslenskur fiskur –
Frosin flök – Útflutningur - 1950

Tekið af vef Borgarskjalasafnsins

bjarnibenediktsson.is

Einkaskjalasafn nr. 360

Stjórnmalamaðurinn

Askja 2-12, Örk 1

©Borgarskjalasafn Reykjavíkur

MEMORANDUM.

New York, May 17, 1950

Re: Icelandic Frozen Fillets.

With reference to our various conversations we are pleased to give you herewith an outline of our thoughts as to the importation and sales of Icelandic Fillets in the U.S.

The following estimates were given:

Iceland's production of Cod, Haddock and Rosefish per year amounts to abt. 50,000 metric tons, of which about 2,500 tons were exported to the U.S. in 1949.

We understand that it is the desire of the Icelandic Government to increase sales in the U.S. for securing additional dollar exchange which would be of great value to Iceland especially when ECA aid will diminish.

It is generally acknowledged that the quality of Icelandic Frozen Fish is the best available in this market, yet, on account of the present way of handling sales in this country and with the unsuitable method of packaging Icelandic Fillets are now ranking below the top-products. This is shown in the following price table which is reflecting to-day's quotations in the New York market:

Icelandic Cod Fillets	about 18-19 cents per lb.
Blue Water (best domestic) or)	" 21-22 " " "
Newfoundland Fillets	" 21-22 " " "
Icelandic Haddock Fillets	" 24-25 " " "
others	" 27-28 " " "

It is estimated that the yearly consumption of frozen fillets in the U.S. is 100,000,000 lbs. which includes imports from Iceland in the neighbourhood of 5%. 95% of the trade lies in the hands of a few powerful groups which are inclined to have the U.S. Government curb or prohibit the importation of Icelandic frozen fish under the Anti-Dumping-Law. Under the circumstances it seems the Icelandic Government should take steps to remedy the present situation lest the U.S. market be closed to them entirely before long.

We hereby quote a statement issued by our Sales Organization:

"It is our sincere conviction that the frozen Icelandic fillet business can be developed successfully, and a permanent demand for the product created if:

- a) the Iceland people will improve the appearance and material of the package,
- b) the merchandise will be consigned on a commission basis,
- c) available supplies will be created in various parts of the U.S.

"At the present time, there is considerable pressure brought to bear on our Government agencies to curb the importation of Icelandic fillets either through direct measures or through countervailing duties, because such fillets have been consistently sold in the U.S. market at prices ranging from 10 to 15% below the top price of comparable fish.

"We have explained to you that we have been in a similar situation on Polish Canned Hams, where we have taken the product on an exclusive basis, and have built up the market to a point where we are getting a substantial premium above Danish, Dutch and domestic competition.

"Such appreciation in price can only be secured in the product is prepared in the proper way for this market, and if it is handled through exclusive hand who control the distribution very tightly.

"There exists a distinct problem with the Icelandic producers who have for years been accustomed to putting up fish for European markets, where appearance and packaging are of no great importance. The help in the plants and the supervisory personnel will have to be carefully educated as to the requirements of the American market, and the importance of creating a topnotch appearance. The Icelandic producers may have to purchase some special wrapping machines to be able to create a comparable package for the U.S. market."

We repeat statements made during our conversations:

- 1) if Icelandic fillets are packed efficiently and packaged suitably for the U.S. market we are absolutely convinced that present sales can be increased to 6,500 or 7,000 tons,
- 2) at the same time sales will automatically be elevated to the top-quality level which will bring prices 10 - 15% over present receipts,

Though we stated that at present competitors are trying to curb importation of Icelandic Fillets, it should not be forgotten that the general trend is to increase imports in order to give other countries a chance to earn Dollars. As soon as Icelandic fish is imported in the proper way the competition will have no further reason for complaints.

Provided our recommendations are being followed by the Iceland Fisheries we are willing and able to handle the importation of Icelandic Fillets on an exclusive basis and on consignment with advance payments of about 75% of the net value of the shipments. Accounting to be done monthly or by shipments. We shall also provide weekly market reports as to show sellers the trend of the market.

Our Sales Organization has reported already that they have been successful in other fields. Before the war Lobsters from Cuba and Trouts from Denmark, both frozen were imported on a very small scale. After the war the exclusive rights were secured and sales have increased to about 200% in both lines, and prices increased very much.

As to sales on consignment basis, we believe, that this is the only way of assuring seller as well as buyer to obtain top-prices. The following example will explain what happens if the merchandise is bought outright at a lower price. Our Sales Organization is importing frozen Frog Legs from Japan. The SCAP-MILITARY Government in Japan required in 1947 that all goods shipped from Japan be bought and paid prior to exportation. As soon as shipments entered the United States in sizable quantities the competition dropped their prices to such an extent that substantial losses were inflicted on buyers of Japanese frog legs. SCAP's regulations have been changed since.

Besides making improvements in packaging it might be advisable to discuss the following points:

- 1) Icelandic vessels should dock alongside freezing plant in U.S. port for discharging. This might contribute to keeping the appearance of the packages and the quality of the fish at top grade;
- 2) vessel should make direct calls in ports of the lake-area as forwarding expenses from New York by rail are considerable and require double handling.

Summarizing we would like to state:

- 1) Unless the Icelandic Government or the Fisheries change the present way of handling exports to the U.S. in the near future they will have to face serious difficulties for the following reasons:

- a) Present sales are made considerably below market prices and consequently the powerful domestic and other groups representing 90% of the trade, are applying strong pressure through political channels and on the basis of the Anti-Dumping-Law to have the U.S. Congress prohibit or curb the imports of Icelandic Fish;
- b) the present packing and packaging of the Icelandic fillets is absolutely unsuited for the U.S. market. Icelandic fillets are not considered top quality in the US as the packing is considered poor according to U.S. standards. As experts agree that actually Icelandic Fish is of supreme quality, proper packaging will bring Icelandic fish on the top-level of Frozen Fish in the U.S. market.
- c) unless the Icelandic authorities appoint a proper organization as exclusive agents they cannot expect to receive proper advise as to the marketing of their products. Shipments on consignment basis are the only way to protect shippers and buyers in a fair manner, at the same time bringing top-market-receipts.

We hereby declare that we are prepared to give you whatever assistance you may need in convincing the proper parties that they should follow the advise given in this report. Our director of sales and/or another representative are ready to go to Iceland if you should feel that the situation requires their presence in Iceland.

We are ready at all times to give you full reports on our holding company as well as on our Sales-Organization which will handle the financing and marketing of Icelandic Fillets in the same or similar way as the other lines are handled now at everybody's satisfaction.

According to the yearly report published by the U.S. Government Bureau of the Census Imports from Iceland are listed only on a general basis as follows:

	<u>1948</u>	<u>1949</u>
COD, ETC. filleted, fresh & frozen -	3,964,554	5,130,528 lbs.
FISH, filleted n.e.s. " " -	<u>25,250</u>	<u>367,115 "</u>
	3,989,804	5,497,643 lbs.

Besides these data the Branch of Commercial Fisheries just released the following figures:

Import of groundfish

(Cod, Haddock, Hake, Pollock, Cusk and
(Rosefish (Ocean Pearch) fillets:

during the first 4 months of

	<u>1949</u>	<u>1950</u>
from Canada	15,107,775 lbs.	15,826,735 lbs.
" Iceland	3,232,433 "	5,932,628 "
" Norway	140 "	928,440 "