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**Iceland's Cost of Whaling and Whaling-Related
projects 1990-2006**

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Summary

- The purpose of this report is to provide an overview of government expenditure on whaling and whaling-related projects in the period of 1990 to 2006. It includes costs likely to have been omitted if Iceland did not actively pursue the resumption of commercial whaling.
- In total the Icelandic government has, between 1990 and 2006, spent approximately 748.8 million ISK, adjusted for inflation, on projects that may be related to the advancement of Iceland's position on whaling.
- The cost breaks down as follows:
 - Total cost of scientific whaling amounted to 235 million by the end of 2006.
 - Cost of public relations and marketing amounted to 196.9 million by the end of 2006.
 - Membership fees and direct travel cost related to membership of IWC and NAMMCO were 168 million including 2006.
 - Other costs are estimated at 149 million ISK.
- The cost of whaling related projects may be viewed in comparison with other projects aimed at building new export markets, either specific or general. As an example total cost of marketing Icelandic lamb and other agricultural products, mainly in the USA was approximately 351 million ISK, adjusted for inflation by the end of 2006, approximately 47% of the cost of whaling related projects.
- In 2005 (last year of full figures) the whaling related cost was 96.5 million ISK. This might, for example, be viewed in comparison with the following:
 - Costs related to the UN Fisheries Training Programme: 88,8 million.
 - Ministry's expenses on "Various projects" (05-190): 133.3 million
 - Ministry's Research Project Fund, dedicated to funding of research projects concerned with maximizing yield from fish stock: 156 million.
- In 2005 the Iceland Export Council spent 270 million ISK, approximately three times the cost of whaling related projects.
- This study is concerned only with government expenditure on whaling and whaling related projects. No account is taken of costs incurred by private companies or individuals.
- It has not been the scope of this paper to estimate the cost of negative publicity related to Iceland's policy on whaling.

Background

The following study has been commissioned by the International Fund for Animal Welfare and the Iceland Nature Conservation Association and was carried out in February 2007. According to Project Brief the purpose of the study is to gather available information on all government expenditure directly and indirectly related to commercial whaling, analyze and categorize costs, compare costs - and if applicable, revenues - with other marketing projects involving industry specific government support.

The report is based on publicly available data. Documents and other sources of information are detailed in footnotes.

Classification and relevance of costs related to whaling

Since the establishment of NAMMCO, the North Atlantic Marine Mammal Commission, in 1990, Iceland has been engaged in various efforts aimed at lifting the moratorium on commercial whaling, imposed by the International Whaling Commission, IWC, in 1986, and on promoting Iceland's position in general. Considerable costs may be linked with those activities. The projects may be divided into three categories:

- 1) Participation in international bodies with the purpose of strengthening the case for whaling.
- 2) Scientific whaling programme undertaken in 2003 and still continued.
- 3) Marketing and PR programmes aimed at promoting Iceland's position on whaling internationally.
- 4) Other costs related to whaling.

For many of those projects it might be questioned if they are necessarily relevant to the goals stated above. For example one might see research as valuable in itself scientifically, without regard to Iceland's position on whaling. Nevertheless, the stated aim of Iceland's scientific whaling was to "strengthen the basis for conservation and sustainable use of cetaceans"¹. Likewise, membership of the IWC might be seen in the same way. However, it is likely that levels of participation and research would have been substantially less if Iceland had not been promoting such a controversial position. It is important to bear this in mind when interpreting the results.

On the other hand, it is important when trying to provide a general picture of whaling-related costs not to omit potentially significant parts of the total costs.

Based on the above considerations the criteria used is whether the project in question and costs related to it are likely to have been omitted given that Iceland did not promote whaling, that is, the marginal cost of Iceland's position and efforts to promote it. Coupled with a sufficiently detailed analysis of the costs this approach should satisfy the goal of providing a clear and transparent summary. Interpretation of the results and relevance of different projects is however up to the reader.

¹ Marine Research Institute. 2003. A programme for a two year feasibility study on cetaceans in Icelandic waters. Paper SC/55/02 presented to IWC Scientific Committee.

Scientific whaling programme from 2003

In 2003 a decision was made to undertake a research project that would involve the hunting of 200 minke whales, 200 fin whales and 100 sei whales, to be carried out within a period of two years. In the same year 37 minkes were caught (36 were landed) and a further 25 taken in 2004. In 2005 39 minkes were caught (34 were landed) and 60 were taken in 2006. In 2007 39 minkes are expected to be caught to complete the original proposal of 200 minke whales.

One of the stated scientific objectives of the research project is to analyse the feeding habits of minke whales and there are hopes the results will help to determine the impact minkes have on the fish stock around Iceland. However, the MRI has declared it has no intention of proposing culling the minke whale stock.

According to information provided by the minister in 2006, in response to a request put forward in Parliament², the total cost 2003-2006 amounts to 220.6 million. Adjusted for inflation this amounts to 235 million ISK in total.

² Parl 133, 2006, Document 341.

International cooperation

International Whaling Commission

Iceland applied to rejoin the IWC in 2001 and the IWC voted to accept Iceland's membership in 2002. Since then total membership fees amount to 26.2 million ISK, adjusted for inflation.

According to information received from the Ministry of Fisheries direct travel cost related to IWC membership was 5.3 thousand ISK in 2005 and 2006. Details on related wages and other indirect costs were not included in the answer. This comes to 5.4 thousand, adjusted for inflation. Iceland did also send delegations to the IWC annual meetings in 2000, 2001, 2002, 2003 and 2004. Travel cost is estimated at 1.5 million ISK for each year from 2000 to 2004, adjusted for inflation. Thus the total direct travel cost is estimated at 12.9 million ISK, adjusted for inflation.

NAMMCO

In 1990 Iceland, Norway, Greenland and the Faroe Islands established the North Atlantic Marine Mammal Commission, NAMMCO, devoted to research into marine mammals and management of stocks. NAMMCO has conducted scientific research on several mammal species in the North-Atlantic. Due to the historical background of NAMMCO it is probably correct to include membership fees in costs related to whaling and promotion of whaling. Still it might be argued that even if Iceland changed its position on whaling membership of NAMMCO would not necessarily be discontinued. The total of NAMMCO membership fees from 1990 comes to 123.9 million ISK adjusted for inflation.

According to the Ministry of Fisheries, direct travel cost related to NAMMCO membership was 843 thousand ISK or approximately 294 thousand ISK per annum, adjusted for inflation, in 2004-2006. Details on related wages and other indirect costs were not included in the answer. Based on this it might be reasonable to conclude that the total of direct travel costs related to NAMMCO membership was 843 thousand ISK for the period spanning 2004-2006. Working backwards to the year 1990 this would give a total of 5 million ISK adjusted for inflation.

Total international cooperation

Based on the above figures, total direct cost related to international cooperation related to whaling is 168 million ISK adjusted for inflation. It should be noted that wages and other internal or indirect costs are not included in this figure.³

³ Fiscal reports. Budget 2006.

Public Relations and Marketing

From the year 2000 an annual sum has been dedicated to promotion of Iceland's position on whaling abroad. According to information provided by the Minister of Fisheries in parliament in 2003 the costs were as follows from 2000–2003:

Table 1: Breakdown of public relations costs in thousands ISK for 2000–2003⁴

Year	PR lobbying	✶	Travel cost	Employee expenses	Wages	Other	Total
2000	12.883						12.883
2001	20.869		8.071	186	4.621		33.747
2002	19.262		5.888	515	5.572	185	31.422
2003	16.300		5.613	415	5.825	20	28.173
Total	69.314		19.572	1.116	16.018	205	106.225

Adjusted for inflation this comes to 127.4 million ISK. Since 2001 the accounts of the Ministry of Fisheries have contained specific cost item dedicated to promotion costs related to the exploitation of marine resources. This includes payments to Nexus, a US public relations agency as well as other costs related to whaling, including internal costs such as salaries. The annual cost detailed here is close to the amounts shown in the above table.

Similar information for the years 2004–2006 has been requested from the Ministry of Fisheries. Firstly, the Ministry was asked for the same information as detailed in Table 1, but for the years 2004–2006. Secondly the Ministry was asked for more detailed information on the cost items, in order to better determine which costs were directly related to the whaling issue and which were not. Thirdly, details on costs related to participation in IWC and NAMMCO were requested.

The Ministry's answer to the first question is detailed in Table 2 below. In total the cost comes to just below 65 million over the three years, 69.5 million adjusted for inflation.

Table 2: Breakdown of public relations costs in thousands ISK for 2004–2006⁵

Year	PR lobbying	✶	Travel cost	Employee expenses	Wages	Other	Total
2004	14.253		5.523	30	7.920	16	27.742
2005	12.690		1.270	66	8.488	59	22.573
2006	13.532		13.532	52	52		14.568
Total	40.475		7.724	148	16.461	75	64.883

The Ministry did not respond to the second question, concerning breakdown of the aforementioned costs by project. The third question was answered partially.

In total the PR and marketing costs come to 196.9 million ISK adjusted for inflation.

⁴ Parl. 130, 2003–2004, Document 1658.

⁵ Ministry of the Fisheries, 1. February 2007, ref. SJR2007010092/0102-1.

Relevance of PR and marketing costs

The information included in Table 1 above was provided by the Minister of the Fisheries in response to a query from Kolbrun Halldorsdottir MP in 2004. It seems clear from the documents available that the MP is asking specifically about costs related to the whaling issue, not the total of the Ministry's PR and marketing costs. However, sources in the Ministry state that the cost item in question includes more than only whaling related costs, i.e. costs related to promoting Iceland's position on fishing stock management in general.

As the Ministry has not answered questions regarding the breakdown of these costs by project it remains unclear to what extent the Ministry's PR and marketing costs are related to the whaling issue.

Other Costs

In addition to the costs already detailed, three other cost items may probably be counted as whaling related costs.

Hvalasjóður (Whale Fund) is a fund managed by the Ministry of the Fisheries. From 1990 total expenses of this fund amount to 11.1 million ISK adjusted for inflation.

Sjávarspendýrasjóður (Marine Mammal Fund) is another fund managed by the Ministry. Total expenses for the same period are 55.9 million ISK, adjusted for inflation. For the period of 2003–2006 these expenses are assumed to be included in the total amount related to scientific whaling, as reported by the Minister. Net of this, the cost of the Marine Mammal Fund is 45.6 million ISK, adjusted for inflation.

The Marine Research Institute reports whale research costs in 1990–1993, 34.4 million ISK in total, 92.3 million adjusted for inflation. It seems reasonable to include this item as part of total costs related to whaling.

Based on the above, the total of other whaling-related costs comes to 149 million ISK, adjusted for inflation.⁶

Apart from costs directly related to various cost items linked to whaling, promotion of whaling and fees paid to international bodies, other internal costs – both direct workhours and overhead costs – will certainly have been incurred over the period in question. Such costs are not detailed in this report. For this there are two reasons. The first is that the definition of such costs would prove extremely difficult as they are in general not directly related to specific projects in the accounts. Secondly, internal costs will mainly be personnel related. It is thus not at all probable that they would have been avoided absent of the projects related to whaling. Since it is the purpose of this report to detail marginal costs, that is costs that would otherwise have been avoided it is hardly justifiable to count them in. Nevertheless, staff time spent on the whaling issue is likely to have been considerable and this would have taken staff away from working on other projects.

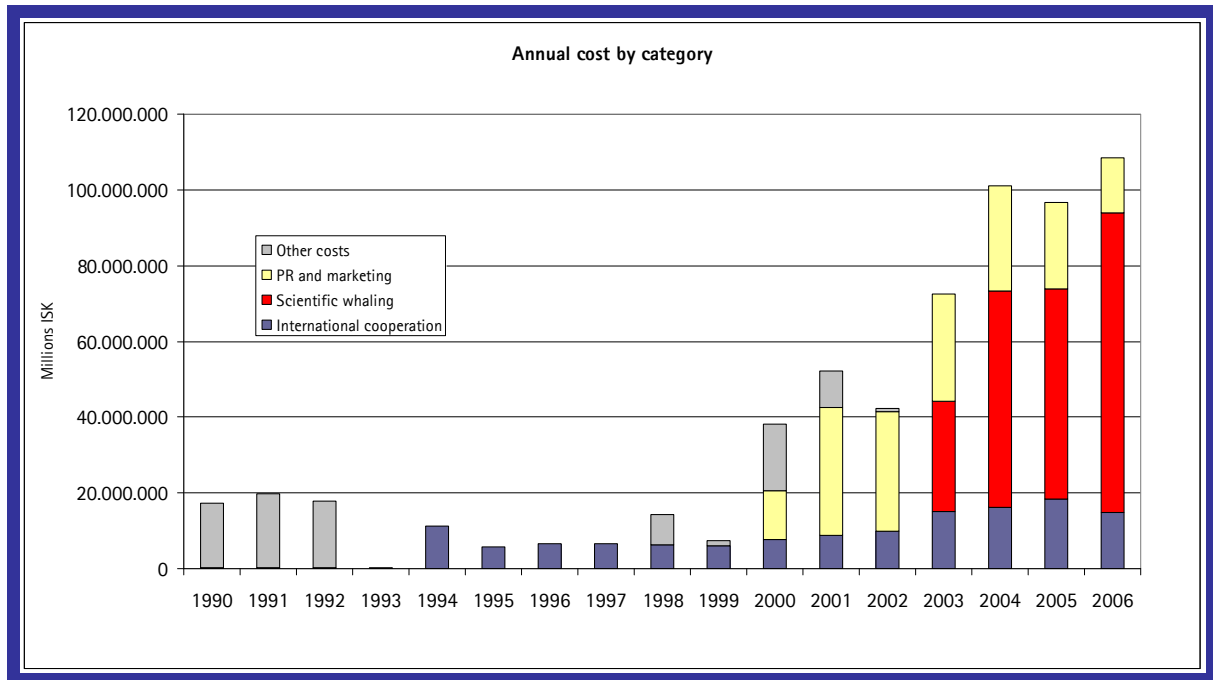
In addition the possibility of direct costs that may have been incurred, but for some reason have not been accounted for correctly, has to be taken into account.

It should be noted that possible costs arising from inconveniences derived from negative publicity related to whaling or Iceland's position of whaling are not accounted for here.

⁶ Fiscal reports.

Total cost

Graph 1: Annual cost related to whaling and promotion of whaling by category



From 1990 to 2000 the total cost that may be related to whaling consisted only of cost from participation in international co-operation. In 1999 Parliament decided to set aside a sum of money for PR and marketing, aimed at promoting Iceland's position on whaling abroad. Scientific whaling started in 2003 and Iceland was also liable for IWC membership fees in that year also. Thus, the costs have increased quite fast over the last few years, as can be seen in the graph above. Based on the above direct expenditures incurred by projects related to whaling are as follows:

- Scientific whaling project: 235 million ISK.
- IWC membership fees: 26.2 million ISK.
- NAMMCO membership fees: 123.9 million ISK.
- IWC and NAMMCO travel expenses: 17.9 million ISK
- Public relations and marketing: 196.9 million ISK
- Other costs: 149 million ISK
- Total costs: 748.9 million ISK

All figures are adjusted for the rate of inflation in the relevant period of time.

Comparison with other projects

The expenditures detailed in this report are aimed at advancing Iceland's ultimate goal of lifting the moratorium on whaling. In order to better understand the size and relevance of the costs they might be viewed in relation with other expenditures incurred by the Ministry of the Fisheries.

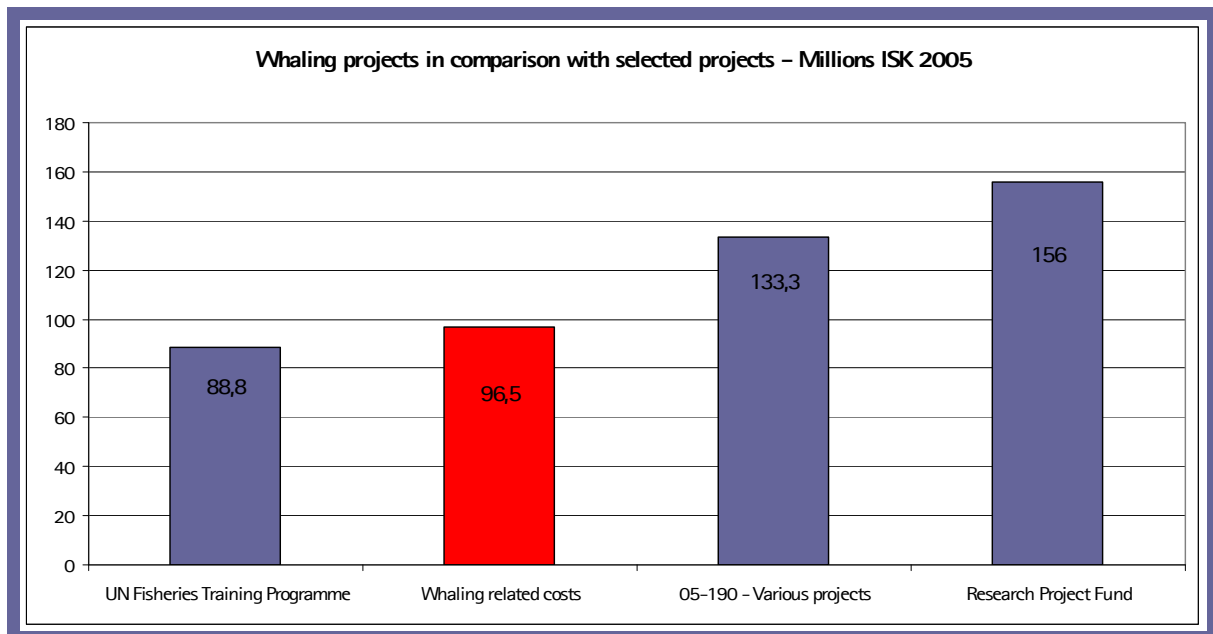
Total expenditures of the Ministry in 2005⁷ were 2.195.8 million ISK⁸. The main items were the Marine Research Institute and the Directorate of Fisheries, along with the Icelandic Fisheries Laboratories (now part of a larger body).

The Marine Research Institute is a key research institute providing advice on marine resources and the environment. In 2005 expenditures were 1.364.4 million ISK⁹.

Fiskistofa (Directorate of Fisheries) is a body concerned with the management monitoring of fishing and fish processing, with the aim of maximizing long-term yield from the fishing stock. In 2005 the total expenditures of Fiskistofa were 668 million ISK¹⁰.

In comparison, the cost of the whaling related projects in 2005 amounts to 96.5 million. This is 4,4% of the Ministry's total costs. Cost of scientific whaling was 4% of the MRI's expenses in 2005.

Graph 2: Whaling cost compared with selected projects



In 2005 the Ministry spent 173,8 million ISK on "Various Projects", including, among others, marketing and educational projects. Whaling related PR and marketing is included in this line item and constituted 14% of total expenditure on various projects¹¹.

⁷ The most recent verified information relates to 2005.

⁸ Fiscal Accounts 2005.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

Other costs worth comparing with the whaling related costs might include expenses related to the UN Fisheries Training Programme and the Project Fund dedicated to funding research projects concerned with maximizing yield from the fishing stock.

Essentially, the efforts to advance Iceland's policy on whaling may be seen as an attempt to remove barriers to a potentially viable industry in order to gain new markets for Iceland's produce. Thus, it might be compared with other projects with a similar purpose.

Over the last few years the government has spent a considerable sum on the marketing of Icelandic lamb and other agricultural products abroad, mainly in the USA. According to the Ministry of Agriculture and other related sources the costs incurred amount to 351 million from 1997-2006 adjusted for inflation¹². This is just below half of the cost of whaling related projects over the same period of time.

Finally, it might be interesting to look at the whaling related costs in relation with costs of general export related endeavors, for example the Iceland Export Council. In 2005 the Export Council spent a total of 270 million ISK¹³. In comparison the whaling projects cost 96,5 million which is 36% of the former figure.

¹² Based on information provided by the Ministry of Agriculture and the Agricultural Productivity Fund.

¹³ Fiscal Accounts 2005.