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    02084002 – other frozen whale products (aðrar frystar hvalaafurðir)
    02084003 Fresh whale meat (nýtt hvalkjöt) og adrar hvalaaf
    15043001 - whale oil (hvallysi)
    23011001 - whale meal (hvalamjöl).
    Japanese codes:
    020840011 – meat & edible meat offal, fresh, chilled or frozen – whales
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# RENEGADE WHALING:

## Iceland's Creation of an Endangered Species Trade

WDCS
Whale and Dolphin Conservation Society

eia
environmental investigation agency

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**ENVIRONMENTAL INVESTIGATION AGENCY (EIA)**

62/63 Upper Street, London N1 0NY, UK
Tel: +44 (0) 20 7354 7960
Fax: +44 (0) 20 7354 7961
email: ukinfo@eia-international.org

**www.eia-international.org**

**WHALE AND DOLPHIN CONSERVATION SOCIETY**

Brookfield House, 38 St Paul Street
Chippenham, Wiltshire SN15 1LJ, UK
Tel: (44) (0)1249 449500
Fax: (44) (0)1249 449501
email: info@wdcs.org

**www.wdcs.org**

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# CONTENTS

1 INTRODUCTION

2 ICELAND'S WHALING HISTORY

3 ICELAND'S 21ST CENTURY WHALING

5 HVALUR – HALF A CENTURY HUNTING FIN WHALES

7 FIN WHALE TRADE INVESTIGATION

10 WHALE SALES ONLINE

12 REQUIRED ACTIONS BY THE US AND EU

13 CONCLUSIONS AND RECOMMENDATIONS

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# INTRODUCTION

The Icelandic whaling company Hvalur hf has killed 273 endangered fin whales, and exported more than 1,200 tonnes of fin whale meat and blubber to Japan since 2008. These shipments, worth an estimated US$17 million, and Iceland's escalating whale hunts, are clear abuse of the International Whaling Commission (IWC) as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora' (CITES), to which Iceland is a signatory. They are carried out with the full knowledge of Icelandic authorities, and are evidence of Iceland's disregard for international environmental treaties.

With Japan's whaling on the decline and a mountain of unwanted whale meat and other whale products in storage, it is fair to ask why Iceland and Hvalur persist in the killing and trading across borders of an endangered whale species protected by the IWC and CITES. The real question however, is why do other IWC/CITES signatories continue to tolerate these abuses of international conservation accords?

A new EIA investigation into the international trade in fin whale products in Japan paints a distressing picture of increasing distribution and sale of Icelandic-caught fin whales. This dynamic is fuelled by artificially low prices influenced by Icelandic businessman, and Hvalur boss, Kristján Loftsson in his determination to expand Iceland's whaling. Combined with the special status of fin whales as the most desirable whale product in Japan and the absence of fin whales from Japan's own whale hunts, this has given Loftsson the opportunity to sell hundreds of tonnes of Icelandic fin whale, already profiting a Japan-based import company he helped establish by as much as US$8 million.

The investigation has confirmed the involvement of the Japanese 'scientific' whaling company Kyodo Senpaku in the distribution of Icelandic fin whale products. This is a key concern given its dominance within Japan's whale meat market and effective control of an extensive distribution network.

Iceland's killing and exporting of internationally protected and endangered whales is clearly undermining the IWC and CITES; unless Iceland ceases these hunts and trade, economic sanctions should be enacted directly against the commercial interests of Hvalur.

For the past three years, the IWC has been tied up in futile negotiations with the whaling countries in a supposed attempt to control their renegade whaling. This process has been marked by a reluctance on the part of conservation-minded governments to speak out against Iceland and other whaling nations in fear of being seen to harm the negotiations. In response, however, Iceland has set ever higher whaling quotas, and has dramatically expanded its export of CITES Appendix 1 listed whales, not only to Japan but to several other countries.

If the IWC is not to become the dysfunctional body that the whaling countries work tirelessly to bring about, the Commission must assert its authority and publicly condemn Iceland's escalating commercial whaling and whale exports. It is time for Parties to secure an immediate cessation of Iceland's whaling activities and its international trade in whale products.

Environmental Investigation Agency (EIA) and Whale and Dolphin Conservation Society (WDCS)
July 2011

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# ICELAND'S WHALING HISTORY

**ABOVE:**
Fin whale killed in 2006.

In the long and bloody history of commercial whale hunting, Iceland is one of the most notorious and persistent protagonists, killing more than 35,000 whales since the late 19th century and opposing or circumventing efforts by the international community to regulate whaling and prevent the decimation of whale populations.[1]

The main stage for Iceland's infamy has been the International Whaling Commission (IWC), of which it was a founding member. Because of the refusal of whaling nations to comply with its restrictions on where, when and how many whales could be hunted, the IWC failed for decades to prevent the devastating impacts of illegal and legal yet unsustainable, commercial whaling. Unable to prevent Parties, including Iceland, killing undersized individuals or targeting protected species,[2] the IWC eventually recognised that nothing less than a total ban would be sufficient to allow time for whales to begin to rebuild their depleted populations. In 1982, the Commission adopted the 'moratorium', prohibiting the hunting of all the 'great whales'[3] for commercial purposes from 1986 onwards.

Although Iceland voted against the moratorium decision in 1982, following a bitter debate in its Parliament it did not register a formal objection to the decision at the time and, unlike the Soviet Union, Japan[4] and Norway, was thus deemed legally to have accepted it. Indeed, Iceland officially ceased commercial whaling in 1985 in accordance with the moratorium decision, but swiftly began exploiting the clause in the IWC's founding treaty, the International Convention for the Regulation of Whaling (ICRW), which allows whaling for 'scientific purposes'.[5]

In the first years of the moratorium, Iceland submitted several research proposals to the IWC, even seeking 'experimental catches' for blue and humpback whales which had been protected since the 1960s.[6] Between 1986 and 1989, Icelandic whalers killed 292 fin whales and 60 sei whales - all ostensibly in the name of science but really intended for commercial export to Japan.[7] Even after the IWC adopted a Resolution in 1986[8] recommending the meat and other products be "*utilised primarily for local consumption*" following the completion of "*scientific treatment*" (which was interpreted with Iceland's agreement to mean that up to 49 per cent of whale products could be exported), Iceland continued to submit research proposals to the IWC that would generate thousands of tonnes of meat, far more than its domestic market could absorb, and continued to export the majority to Japan. An EIA investigation in 1991 demonstrated that Iceland exported between 58 and 77 per cent of its whale meat to Japan during the four-year scientific whaling programme, in contravention of the Resolution.[9]

Ultimately, it took a public boycott of Icelandic fish in Europe and the US and the threat of trade sanctions by the US to persuade Iceland to call it a day when its special permit programme concluded in 1989.[10] Iceland left the IWC in 1992, having ceased whaling entirely.

## THE IWC AND SCIENTIFIC WHALING

Since the adoption of the moratorium on commercial whaling, the Commission has passed more than 30 Resolutions censuring various special permit operations by Iceland, Japan, Norway and Korea, and expressing the view that such special permit research should only be permitted in exceptional circumstances,[11] meet critically important research needs,[12] be consistent with the IWC's conservation policy[13] and use non-lethal techniques.[14]



# ICELAND'S 21ST CENTURY WHALING

Less than a decade later, Iceland was back. In 2000, it joined the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) with a reservation which exempts it from a ban on international commercial trade in whale products and enables it to trade legally with Norway and Japan, which also hold reservations for whales. It then tried the same tactics at the IWC, rejoining in 2002 with a 'reservation' to the moratorium which, it claimed, revoked its previous acceptance of the ban.[15]

Many IWC parties asserted that Iceland's reservation is incompatible with the object and purpose of the ICRW and was, therefore, not permissible under international law, but Iceland's membership was nevertheless accepted by the Commission in 2002.[16] Iceland wasted no time; although its 'reservation' stated that it would not start commercial whaling until 2006, within eight months of rejoining the IWC it announced a new special permit (scientific) program to kill 50 sei whales, 100 fin whales and 100 minke whales annually for two years.[17]

At the following IWC meeting in 2003, the Commission adopted its most strongly worded Resolution against special permit whaling, expressing "*deep concern that the provision permitting special permit whaling enables countries to conduct whaling for commercial purposes despite the moratorium on commercial whaling*", and stating that "*Article VIII of the Convention is not intended to be exploited in order to provide whale meat for commercial purposes and shall not be so used*".[18] Clearly aimed at Iceland's plans, the Resolution urged "*any country … considering the conduct of Special Permit whaling to terminate or not commence such activities and to limit scientific research to non-lethal methods only*". Undaunted by this condemnation, Iceland's special permit operation went ahead. Ultimately, the programme targeted only minke whales - killing a total of 200 - but was extended from two to five years.[19]

In 2006, before any findings from the special permit hunt were published, Iceland resumed commercial whaling under its disputed reservation, setting itself a hunting quota of 30 minke whales and nine fin whales, the latter recognised as an endangered species.[20] The same year, Iceland signalled its intention to resume international trade in whale products when it presented an antagonistic proposal to the Animals Committee of CITES seeking to include the Central North Atlantic stock of fin whales in a review of the CITES Appendices.[21]

Iceland killed six minkes in its commercial hunt in 2007, 38 in 2008

**BELOW:**
Fin whale landed in 2010.

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## MINKE WHALES, ICELAND'S OTHER TARGET

The minke whale is the smallest of the great whales; due to its small size, hunting for minke whales was not regulated in Iceland until 1974, while IWC quotas were not set for North Atlantic minkes until 1977. When minke whaling resumed in 2003, the meat initially sold poorly, but the industry has engaged in increasing public relations and marketing efforts to increase sales of whale meat in Iceland, including to tourists. By 2010, two minke whaling companies were operating in Iceland, and sales of whale meat continued to improve with more than 100 shops and restaurants throughout the country offering minke whale meat.[39] However, the long-term goal of the minke whalers mirrors that of the Hvalur company; Gunnar Bergmann Jonsson, head of the Minke Whalers Association, declared that the company was looking to "*sell 90 percent of the meat to Japan*".[40]

**TABLE 1. Icelandic whale catches, 1980 -2010**

| Year | Total | Fin | Sei | Sperm | Minke |
|---|---|---|---|---|---|
| 1980 | 638 | 236 | 100 | 101 | 201 |
| 1981 | 597 | 254 | 100 | 43 | 200 |
| 1982 | 564 | 194 | 71 | 87 | 212 |
| 1983 | 448 | 144 | 100 | | 204 |
| 1984 | 440 | 167 | 95 | | 178 |
| 1985 | 344 | 161 | 38 | | 145 |
| 1986 | 116 | 76 | 40 | | |
| 1987 | 100 | 80 | 20 | | |
| 1988 | 78 | 68 | 10 | | |
| 1989 | 68 | 68 | | | |
| 1990-2002 | 0 | | | | |
| 2003 | 37 | | | | 37 |
| 2004 | 25 | | | | 25 |
| 2005 | 39 | | | | 39 |
| 2006 | 68 | 7 | | | 61 |
| 2007 | 45 | | | | 45 |
| 2008 | 38 | | | | 38 |
| 2009 | 206 | 125 | | | 81 |
| 2010 | 208 | 148 | | | 60 |

Source: Hafrannsóknastofnun

and no fin whales, but this was just the beginning.[22] Rather than condemning Iceland's whaling programmes, the IWC, led by a US Chairman, pursued a long-term negotiation with Iceland, Norway and Japan to bring their renegade hunts back under IWC control and curtail their trade in whale products.[23]

The negotiations, which ultimately fell apart at the 2010 annual IWC meeting, failed to draw any concessions from Iceland; in fact, the negotiations seemed only to encourage Iceland's ambitions. In 2009, shortly before the collapse of Iceland's Government in the wake of an economic crisis, Iceland's outgoing fisheries minister, Einar K Guðfinnsson, dramatically increased the whaling quotas to at least 150 fin and 100 minke whales from 2009 to 2013; quotas based not on advice from the IWC but rather from Iceland's own Marine Research Institute (HAFRO).[24] Subsequently, Icelandic whalers killed 126 fin whales and 81 minke whales in 2009, and 148 fin whales and 60 minke whales in 2010.[25]

Iceland has ignored all diplomatic criticism of its whaling, including several strongly worded official diplomatic protests from a wide range of countries in 2003, 2006, 2009 and 2011.[26] In December 2010, WDCS filed a petition on behalf of 19 conservation and animal welfare organisations collectively representing tens of millions of Americans, requesting that the US begin to evaluate potential domestic responses to Iceland's ongoing whaling and trade. A decision is expected imminently on a proposed US embargo of fish products caught, processed or exported by Icelandic companies connected to its whaling industry and executives. Conservation and animal welfare groups are aiming at the same targets, increasing pressure on retailers not to buy Icelandic fish 'tainted with the blood of whales'.[27]

In early May 2011 the Director of Hvalur, Iceland's fin whaling company, announced a delay to the start of its whaling season, citing uncertainty arising from March's devastating earthquake and tsunami in Japan – its main market.[28] In contrast, the minke whale hunt commenced on schedule. To many, this suggests that this small country, still in the depths of recession and acutely dependent on fish exports, is waiting to see how forcefully the US is prepared to act.

In June 2011, even after the delay to the 2011 season, Iceland announced yet another increase to its whaling quota - 154 fins (far higher for this endangered species than the IWC's Scientific Committee considers sustainable) and 337 minke whales.[29]




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# HVALUR – HALF A CENTURY HUNTING FIN WHALES

In 1948, the Hvalur hf company converted the former World War II US naval base at Hvalfjörður into a whaling station. The company owns four whaling vessels, only two of which - the Hvalur 8 and Hvalur 9 - are currently operational. The Hvalur head office is located in Hafnarfjörður, where it also owns and operates a freezer facility ('Frystihús Hvals').[30]

There are long-standing connections between several individuals and companies in Iceland and Iceland's whaling industry. These corporate and familial connections have been in existence for decades and involve some of the country's major firms. Hvalur hf, in addition to its whaling activities, is one of the largest investment companies in Iceland with equity at the end of 2009 listed as 13 billion krona (ISK), approximately US$112.9 million.[31] In addition to its shareholdings in Nyherji, a well-known Icelandic communications technology firm, Hvalur hf is also the largest shareholder in Vogun hf which is in turn a principle investor in numerous other companies in Iceland, ranging from health equipment to waste-oil firms.[32]

The whaling company is also linked to the Hampiðjan Group, one of the largest fishing gear and rope manufacturers in the world.[33] However, Hvalur's largest single asset is its controlling interest in Iceland's leading fishing company, HB Grandi. In a 2007 interview printed in the Icelandic newspaper Morgunblaðið, Kristján Loftsson, identified as "the CEO of Hvalur and a member of the board of HB Grandi" said, "*Anyone who follows the business scene in Iceland knows that Vogun, a subsidiary company of Hvalur hf, bought the largest part of Grandi in 1988 and has been the largest shareholder ever since.*"[34]

In 2010, HB Grandi was the number one fisheries quota-holder in Iceland. The links between HB Grandi and whaling are long-standing and overt, and the company has played an active role in Iceland's whaling industry, both promoting whaling and providing its fish-processing facilities for the processing of fin whale meat for the export market.[35]

Following the 2006 commercial fin whale hunt, HB Grandi rented space at its Akranes fish processing facility to Hvalur hf and has continued to do so in each of the following seasons in which commercial fin whaling has taken place. The fin whale meat is taken from the Hvalur whaling station in Hvalfjörður and transported by truck to Akranes where it is cut, packaged, boxed and readied for export.[36] As investigative trips to Iceland by both EIA and WDCS in 2010 found, the facility where the fin whale meat is processed is centrally located within the HB Grandi complex in Akranes; an HB Grandi-associated logo can be seen on a wall in the processing area.[37]

## INTERNATIONAL TRADE OF ICELANDIC FIN WHALE PRODUCTS TO JAPAN

After an experimental export in 2008, the export of fin whale products from Iceland to Japan began in earnest in January 2010. By April 2011, more than 1,200 tonnes of 'other frozen whale product' – fin whale meat and blubber –

## A WHALING DYNASTY

The current CEO of Hvalur hf is Kristján Loftsson, whose father Loftur Bjarnason helped to found the company in 1948. Hvalur board member, Arni Vilhjálmsson, is son of another founding member of Hvalur hf, Vilhjálmur Arnason. Both Loftsson and Vilhjálmsson are on the board of HB Grandi. Kristján Loftsson regularly attends meetings of the IWC as part of the Icelandic Government delegation, and is Iceland's highest profile proponent of commercial whaling and the export of whale meat to Japan.[38]

had been shipped to Tokyo, worth an estimated 1.95 billion ISK or US$16.8 million.[41] The March 2011 shipment of 289 tonnes was the largest single export of whale product from Iceland since resuming its whaling and international trade.

Between October 2008 and May 2011, Japan imported 637 tonnes of whale meat and 290 tonnes of whale blubber, in total 926 tonnes. While this figure is lower than the reported total of 1,200 tonnes exported, the discrepancy is likely a result of the delay between export and import and the time needed for customs procedures to take place.[42]

**TABLE 2. Icelandic Export Statistics of 'other frozen whale products' (HS 02084002) to Japan (other than June 2008 export which was exported as 'whale meat')**

| Month of export | Kilos | Value ISK | US$ | Euro |
|---|---|---|---|---|
| 2008 - June | 81,774 | 94,038,488 | 1,265,038 | 814,052 |
| 2010 - Jan | 134,026 | 308,215,584 | 2,483,607 | 1,732,729 |
| 2010 - March | 88,191 | 152,626,830 | 1,182,053 | 874,777 |
| 2010 - April | 149,192 | 216,675,981 | 1,710,462 | 1,259,655 |
| 2010 - August | 129,600 | 210,273,467 | 1,749,218 | 1,340,499 |
| 2010 - September | 129,915 | 209,255,604 | 1,748,898 | 1,364,850 |
| 2010 - October | 133,348 | 197,344,751 | 1,756,049 | 1,276,526 |
| 2011 - March | 289,134 | 463,820,820 | 4,005,361 | 2,899,674 |
| 2011 - April | 129,600 | 98,382,018 | 858,932 | 604,442 |
| TOTAL | 1,264,780 | 1,950,633,543 | $16,759,617 | €12,167,203 |

Source: http://www.statice.is/Statistics/External-trade/Exports (Currency conversions use historical currency rates.)

Both Japan and Iceland use the Harmonized Commodity Description and Coding System (HS) to classify their products. However each country uses different codes with respect to the trade in Icelandic fin whale.[43] While the exports from Iceland to Japan in 2010 and 2011 were described as 'other frozen whale products' (HS code 02084002), Japan's customs authorities have imported the frozen whale product under two separate HS codes, representing whale meat and whale blubber.

Japan's import statistics show simultaneous imports of 'whale meat' (HS 020840011) and 'fats and oils of marine mammals' (HS 150430090). The Fisheries Agency of Japan has confirmed that whale blubber ('unesu' in Japanese) is classified as marine mammal fats/oil[44] and it is assumed that the entire import under this code represents fin whale blubber since there have been no other marine mammal exports from Iceland to Japan. Between 2008 and May 2011, fin whale blubber represented about 30% of the total fin whale shipment reaching Japan.

The reason for Japan using an additional HS code is not clear, although there is a tariff for marine mammal fat /oil of 3.5 per cent plus value added tax whereas whale meat and whale oil carries no tariff.[45] A representative of the Icelandic Directorate of Customs stated to WDCS that an exporter "*often uses one tarif [sic] number to cover the consignment, but upon inspection or through knowledge the goods in the consignment are often reclassified and maybe into several tarif numbers.*"[46]

**TABLE 3. Japanese Import Statistics - whale products imported from Iceland**

| | Whale meat HS Code '020840011' | | Marine mammal fat/oil and fractions thereof (blubber) HS Code '150430090' | | Total whale product | Total value | | |
|---|---|---|---|---|---|---|---|---|
| Month of import | Kilos | Value (1000 yen) | Kilos | Value (1000 yen) | Kilos | (1000 yen) | US$ | Euro |
| 2008 - October | 66,573 | 120,651 | 0 | 0 | 66,573 | 120,651 | 1,137,653 | 809,329 |
| 2008 - December | 0 | 0 | 13,866 | 51,605 | 13,866 | 51,605 | 550,846 | 436,073 |
| 2010 - June | 33,405 | 32,460 | 68,802 | 163,257 | 102,207 | 195,717 | 2,146,783 | 1,749,940 |
| 2010 - July | 21,600 | 21,964 | 64,740 | 95,525 | 86,340 | 117,489 | 1,344,347 | 1,078,825 |
| 2010 - September | 109,104 | 100,504 | 19,490 | 48,725 | 128,594 | 149,229 | 1,766,237 | 1,378,382 |
| 2010 - November | 255,000 | 322,312 | 0 | 0 | 255,000 | 322,312 | 3,995,375 | 2,877,401 |
| 2011 - January | 86,400 | 72,378 | 43,173 | 77,552 | 129,573 | 149,930 | 1,847,566 | 1,379,759 |
| 2011 - May | 64,425 | 131,083 | 79,892 | 105,825 | 144,317 | 236,908 | 2,922,599 | 2,026,066 |
| TOTAL | 636,507 | 801,352 | 289,963 | 542,489 | 926,470 | 1,343,841 | $15,711,406 | € 11,735,776 |

Source: http://www.customs.go.jp/toukei/srch/indexe.htm (Currency conversions use historical currency rates.)



# FIN WHALE TRADE INVESTIGATION

A two-and-a-half week undercover investigation by EIA in Japan during February and March 2011 revealed that Hvalur has secured a market in Japan and established a relatively stable whale meat import business, with strong potential to expand.

EIA interviewed about 20 wholesalers, middle traders and processing companies in seven areas of Japan either known to be significant whale-consuming regions or advertising whale meat online: Iwate, Miyagi, Tokyo, Osaka, Wakayama, Hyogo and Shimonoseki.

EIA investigators identified the company importing Iceland's fin whale products and conducted a series of recorded interviews with a director of the company about the trade.

Several major traders who bought Icelandic fin whale products told EIA they sourced it direct from the importing company. Many indicated there was just one importer and several mentioned that the importing company had been set up as a favour to the Icelandic whaling company, Hvalur. Eventually, a major trader in Hyogo gave EIA the name and contact details of the importing company, which allowed EIA to obtain first-hand information on the import of Icelandic fin whale products.

It became clear during the investigation that while some traders were sourcing direct from the importing company, others were sourcing Icelandic fin whale via Kyodo Senpaku, including Tsukiji fishmarket-based Toushoku. Toushoku is Japan's largest intermediary wholesaler with an estimated 30-40 per cent share of Japan's wholesale whale meat market.[47] Several traders predicted that Kyodo Senpaku could become more involved in the trade, and perhaps start to import directly from Iceland. The fact that the Antarctic whaling fleet had just returned early with only a few hundred whales was mentioned by traders in predicting a more profitable future for the Icelandic fin whale trade.

Traders repeatedly told EIA that Icelandic fin whale was being sold cheaply and that it could become popular since fin whale is widely viewed as the most desirable whale species among consumers in Japan. Many traders noted serious concerns with the quality of the meat however, and indicated that some of the meat had to be thrown away. Despite this, the investigation concluded that fin whale from Iceland is increasingly available in the Japanese market and that the initial reluctance of some traders to potentially reduce the market for Japanese whale products has been overcome.

## Miyagi

EIA spoke with the President of Kinoya company, one of the largest whale canning companies in Japan. He told EIA that Icelandic fin whale formed about three per cent of his product line. He confirmed that the importing company had been set up at the request of people in Iceland. He further stated that there was a problem with the quality of the meat, and they would not necessarily continue with what he termed "*an experiment*". Kinoya company canning facilities were severely affected by the tsunami.

## Osaka

In Osaka north wholesale fishmarket, several traders were selling Icelandic fin whale red meat in one kg boxes produced by a company called Tonichi in Otsuchi, Iwate. The whale meat was supplied to them via the Uoichi wholesale company which supplies the various Osaka-based wholesale markets. One Osaka trader, Tanabe, which was selling a large number of boxes of Icelandic fin whale, stated that large whales species were more popular than smaller whales, and noted that Japan was not catching many large whales.

In Osaka central fishmarket, Hirai Shouten company said although Icelandic fin whale had been circulating for two years, it had only just started buying it, at the request of some of its customers who had seen it on sale in other places. It purchased Icelandic fin whale from several wholesalers, including Uoichi company. It said the fin whale was not that popular but was cheap, and that the quality of the meat was a

**BELOW:**
Boxes of Icelandic fin whale meat on sale in Osaka wholesale fishmarket.

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**ABOVE:**
Icelandic fin whale and other whale products on sale in Tsukiji fishmarket.

problem because it was not frozen on board the ship.

### Iwate

EIA visited the Tonichi factory in Iwate (located in Otsuchi port) as it had been identified as the processor of the Icelandic fin whale meat on sale in large quantities in Osaka. The manager of the factory was unwilling to discuss its business and referred EIA to its Tokyo-based headquarters. When EIA visited the Tokyo headquarters, the representative denied any knowledge of whale products, and initially referred EIA to the Iwate-based factory. He then agreed to ask the owner to call EIA, but no call was ever received and EIA was unable to contact the owner directly.

### Wakayama

In general Wakayama based traders were unwilling to speak about the whale trade at all, most likely due to the controversial dolphin hunting situation in Taiji. Four Wakayama based traders (three in Taiji) with whom EIA spoke said they could buy Icelandic fin whale from the Taiji development local government cooperative, however they did not know or did not want to say where the whale meat originated. Two traders suggested it was from Kyodo Senpaku, but this could not be confirmed.

### Hyogo

EIA interviewed the President of Marugei company, a major processing firm based in Himeji which sells to Tokyo and other central fishmarkets as well as other trading companies. The President gave EIA the name and address of the importing company and told EIA that all Icelandic fin whale was imported by the same company. Marugei started selling Icelandic fin whale in 2010 and was selling frozen red meat and bacon products. Marugei showed EIA a supply form detailing the various different cuts available for sale, including 24,081 boxes of H2 (fatty meat off the bone), 11,891 boxes of R2 (red meat) and 7,170 boxes of R1 (red meat, premium grade) – each box containing 15kg of product. Blubber was also on the list of available products.

The President of Marugei predicted that sales of Icelandic fin whale could increase given that the Antarctic fleet had just returned with fewer than 200 whales. He said Icelandic whale meat was cheaper than Japanese whale meat, there were fewer costs associated with whaling in Iceland than in Japan and many shops were already selling the product.

The President said the quality of the Icelandic whale meat was "*very, very low*" and that he didn't pay for it when he had to throw it away. Despite this, fin whale is considered a premium product and still sells; he said: "*…most of the whales Japan catches nowadays are minke. That is why Icelandic whale can compete against Japanese whale*". He confirmed that Kyodo Senpaku is trading in some Icelandic fin whale, purchased from the importing company. He predicted that Kyodo Senpaku might get more deeply involved in the future.

### Shimonoseki

Four traders were selling whale products at the Karato wholesale fishmarket in Shimonoseki when EIA visited. The seller at Fujino Shoten company, the largest in terms of floor space, told EIA he had purchased 300kg of Icelandic fin whale two years before, but had thrown 100-200kg away because it was bad quality. He further stated that he could never sell the meat as sashimi (i.e. for consuming raw).

EIA interviewed the President of Marukou company, which is the only large whale wholesaler left in Shimonoseki. Marukou employs 70 people and deals mostly with whale products but has diversified to include some fish species. Marukou sells whale from scientific research (purchased from Kyodo Senpaku) but also Japanese coastal whaling. He said Icelandic fin whale had gradually started to circulate in Japan but complained about the quality, stating that he could not know if it was good or bad quality until the meat was defrosted. Overall the Marukou President did not see Icelandic fin whale as a stable business (due to the quality problem, and because Iceland wanted to join the 'anti-whaling' European Union); he suggested that if the trade became bigger then Kyodo Senpaku would be "*the most proper company*" to manage everything.

### Tokyo

Toshoku is Japan's largest whale middle trader, with an estimated 30-40 per cent share of the ¥5,000 million ($60 million) whale meat wholesale business. Sales of the company are about ¥1.1 billion ($13 million). The sales director with whom EIA spoke in Tsukiji fishmarket described them as "*Japanese number one*". When EIA visited Toshoku in March 2011 it was selling Icelandic fin whale.

Like other traders, Toshoku said the quality of Icelandic fin whale was bad and that the whale meat was cheaper than Japanese whale meat. Toshoku sources its Icelandic fin whale from Kyodo Senpaku, not directly from the importer. The trader mentioned that bullets had been found in the Icelandic fin whale meat when it was being cut.



## MISAKA TRADING – CREATED TO IMPORT AN ENDANGERED SPECIES

During its investigation, EIA was told by the President of Marugei that the importing company connected to the Hvalur whale trade was Misaka Shoji (Misaka Trading), a small company with four or five people based in Yokohama. His associate telephoned a representative of Misaka Trading, Mr Tejima, asking him to speak with the EIA investigators. Mr Tejima was unwilling to speak over the telephone, and the President of Marugei later explained that Mr Tejima had received negative publicity in the past and was unlikely to talk to any media.

According to records held by the Ministry of Justice in Yokohama, Misaka Trading Co. Ltd. was established on June 5, 2009 with capital of ¥2.5 million ($30,000) in order to carry out the import and export of seafood and domestic sales. It has two Board Directors with two further Directors who resigned in April 2010. Although Mr Tejima is not listed on the company records, he is listed as a Director of Asia Trading Company, which was previously identified by Greenpeace as the company which imported about 80 tonnes of Icelandic fin whale in 2008. It appears that Mr Tejima has continued his involvement with the importation of Icelandic fin whale, but the operation has moved to a new set up. According to the President of Marugei, Mr Tejima was "*working substantially like the company representative*".

EIA visited the registered address of Misaka Trading, a small residential property in a suburb of Yokohama, but was unable to speak with any representative of the company. Eventually EIA was able to hold a series of telephone calls with Mr Sakaguchi, a Director of Misaka Trading, from which it received the following information.

Mr Sakaguchi said that he and four friends had set up the company in June 2009 to import fin whale because he was asked to by Kristján Loftsson. One of his friends had previously worked for Maruha – Japan's largest whaling company before the ban on whaling – and had been involved in the Icelandic trade. Mr Sakaguchi said that Kristján Loftsson helped financially with operating costs and he confirmed that Misaka Trading was the only company importing whale meat from Iceland.

The Director said that although Kristján Loftsson is not on the Board of Directors, he is routinely consulted on the company's decisions, including the price at which it sells the fin whale products. He said: "*The price cannot be decided without talking to Kristján Loftsson*". The Director also said fin whale meat was becoming popular and mentioned that the Antarctic fleet's early return meant that the amount of whale meat in Japan was reduced, which had a positive effect on his sales.

Mr Sakaguchi said that setting up had been challenging as his company had to get permission from the Fisheries Agency, the Ministry of Economy, Trade and Industry and from Customs in addition to numerous expensive whale product tests (e.g. DNA, mercury, PCBs, bacteria) and a five per cent customs tax. Later, during a call in May 2011, the Director of Misaka Trading stated that the Icelandic company [Hvalur] paid for all the import costs and sold on a consignment basis. He said: "*until the products are sold, everything is belonging to Iceland. The meat and everything*".

In March 2011 Mr Sakaguchi confirmed that Misaka Trading had imported about 700 tonnes, but "*many more is coming*". He said there was approximately 250 tonnes stockpiled in Japan, with a further 2,500 tonnes in Iceland. This indicated to EIA that approximately 450 tonnes had already been sold. In May 2011, Mr Sakaguchi confirmed it had sold roughly 500 tonnes of fin whale meat to the Japanese market.

Mr Sakaguchi estimated Misaka Trading is making a profit of approximately one to 1.5 million yen per tonne of fin whale product (US$12,320 – $18,480 per tonne). Taking the average of these two figures, this would equate to a profit of US$7.7 million from the 500 tonnes sold so far, with a potential profit of $38.7 million from the estimated 2,500 tonnes stockpiled in Iceland.

**BELOW:**
Office of Misaka Trading.

**BOTTOM:**
Icelandic whale export statistics in March and April 2011.

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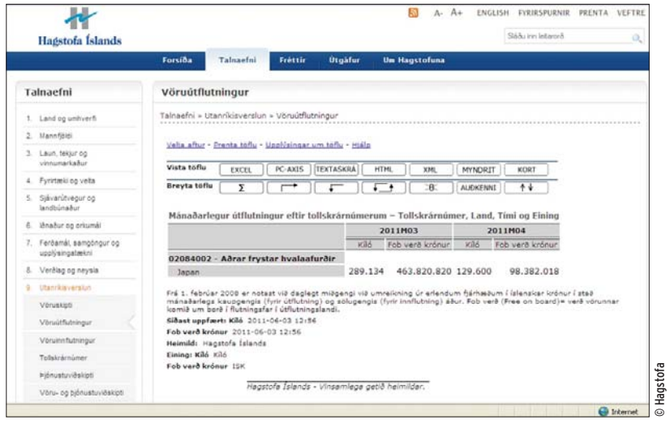


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## WHALE SALES ONLINE

**ABOVE:**
Canned Icelandic fin whale, sold online by Amazon Japan.

Prior to the investigation, EIA Japanese researchers looked at the accessibility of Icelandic fin whale online in Japan and found wide availability through a number of online shopping and auction sites, including Yahoo! and Amazon, as well as via websites of known whale traders. A variety of products were available, mostly red meat and bacon. Companies selling Icelandic fin whale were predominantly based in Osaka, Tokyo and Wakayama.

A comparison of costs at the retail end is difficult because prices for whale meat vary greatly depending on the different parts of the whale. Although most traders said it was being sold cheaply, it is not clear if the low prices are being passed onto customers in Japan, although Icelandic fin whale is often sold in mixed product offers alongside minke, Bryde's and sei whale from Japan's whaling and therefore at the same price.

In large quantities (5kg plus), fin whale was selling as cheaply as ¥210/100g (($26/kg), while the price for normal consumers (100-400g) tended to be higher, at about ¥1000/100g for lean meat and ¥1,400/100g for bacon ($125-175/kg). The best cuts, such as marbled meat, sell for more than ¥4000/100g ($500/kg).[48]

Whale meat sales have also recently taken to the internet in Iceland. Pickled fin whale meat in 300g cans is being offered for sale via the internet site of the Icelandic Minke Whalers Association (Hrefnuveiðimanna ehf) at a cost of 2998 ISK/kg (US$25.87/kg). The site advertises minke whale steaks and smoked minke whale meat.[49] Iceland's second minke whaling company, Útgerðarfélagið Fjörður ehf, also advertises whale meat,[50] while other companies which have sold whale meat online in Iceland include Esja Kjötvinnsla and Kjarnafædi.[51] A recent WDCS survey of Icelandic restaurants, shops and catering firms showed that an increasing number are now using the internet to promote the sale of a variety of products, from whale kebabs to minke whale carpaccio.[52]

## HVALUR'S AMBITIONS FOR NEW WHALE PRODUCTS AND MARKETS

With a population of just over 300,000, Iceland's domestic market for whale meat is small and it has always been a major exporter of whale meat and other whale products, mainly to Japan. Today its commercial ambitions are expanding; Hvalur hf, which produced and exported whale meal (for animal feed), whale oil, meat and blubber throughout the 1980s, began contemplating a return to large scale whaling and trade in whale products well in advance of its rejoining the IWC. Hvalur first applied for permission to operate a cold storage food facility in Hafnarfjörður in 2000 and permission was granted by the town council some six years in advance of Iceland's return to commercial fin whaling.[53]

The company also applied for and was granted permits in 2007 to expand its whaling operations, including the construction of a boiler house at its Hvalfjörður whaling station. A further Hvalur application to health authorities was submitted in June 2009 for a license for the operation of meat cutting,packaging and storage of food. This license was approved for a 12-year period.[54]

Managing Director Kristján Loftsson has indicated an interest in processing both whale oil and ground bone into meal[55] and in 2010, Hvalur admitted processing whale oil into shipping fuel for its whaling vessels.[56] Iceland's whaling industry still has both the knowledge and infrastructure needed to manufacture animal feed from whale products. An April 2010 presentation on regional development by the Icelandic Government suggested developing "*whale products*" including whale meat, meal, oil and blubber,[57] and recommended the formation of an industrial park in Hvalfjörður where the fin whaling station is located. Iceland's Statistical Bureau reported two exports of almost 23 tonnes of whale meal to Denmark in 2009 although the Icelandic Fisheries Ministry swiftly characterised the report as a "*clerical error*".[58]

In March of 2011, the Norwegian Fishery and Aquaculture Industry Research Fund (FHF) published a notification of a project entitled 'Improved utilisation of marine resources: testing of back and belly blubber from minke whales for the production of omega-3 oils.' The notification speaks of the commercial potential for whale oil, and states, "*In addition, **there is a possibility to source blubber from the Icelandic and Faroese fleet** if this is of interest. Some simple calculations estimate that the minimum critical size of a facility for crude oil production and refining should have a capacity of approximately 500 tonnes per day.*"[59]

## LACK OF OVERSIGHT FOR ICELAND'S WHALING PROGRAMME

While HAFRO has taken biological samples from the whales hunted, inspectors from Iceland's Directorate of Fisheries (Fiskistofa) were present on only two minke whaling and four fin whaling trips in 2010 and directly observed only the killing of three out of 60 minke whales and six out of 148 fin whales (the killing of a further two minke whales and three fin whales were observed by NAMMCO inspectors). Fisheries inspectors only visited Iceland's fin whaling station to observe compliance with whaling regulations twice in 2010 and it is not known whether inspectors visited minke whaling landing locations and processing facilities at all.[60]

## ICELAND'S EXPANDING INTERNATIONAL TRADE

Iceland's trade in whale products has increased dramatically in the past three years, with exports of hundreds of tonnes of whale meat to Japan, Latvia and the Faroe Islands, in addition to several shipments of whale oil to Norway and Belarus, and 'other frozen products' to Japan. Using its reservation to the CITES Appendix I listing of whales, Iceland has engaged in legal whale product trade with non-Parties to CITES,[61] and with Parties to CITES which also have reservations to the Appendix 1 listing of fin and minke whales,[62] but it has also traded illegally.

In 2004, an Icelandic company sought an initial export permit for ten tonnes of sei, fin and minke whale products to be sent to China via both Hong Kong and Macau. A subsequent permit, apparently requested after Iceland revised its special permit whaling plan, sought to export 10 tonnes of minke whale products to China. The Icelandic company Pelastikk hf was initially granted the permit, but because China does not hold CITES reservations for whales, permission was rescinded. This resulted in a court case in which Pelastikk successfully sued the Icelandic Government, winning 1.5 million ISK (US$19,349) in compensation in 2008.[63]

Although this case should have sensitised the Government to CITES rules, Iceland has subsequently exported whale products (meat and oil) in violation of CITES to both Latvia (minke) and Belarus (species not known), neither of which hold

**TABLE 4. Iceland fin whale products on sale in Japan**

| Product name | Product price (¥) | Quantity (g) | Price (¥/100g) | Species | Company name selling product and weblink |
|---|---|---|---|---|---|
| Whale's lean meat | 1,155 | 100 | 1,155 | Fin Whale from Iceland. | 有限会社 高木 (Takagi) http://item.rakuten.co.jp/ajisaku/854721 |
| Whale's mixed meat | 5,980 | 500 | 1,196 | Fin Whale from Iceland. | 有限会社 高木 (Takagi) http://item.rakuten.co.jp/ajisaku/959654 |
| Whale's bacon | 9,450 | 700 | 1,350 | Fin Whale from Iceland. | 株式会社 はなまる生活 (Hanamaru-Seikatu Co., Ltd.) http://item.rakuten.co.jp/hanamaruseikatsu/10000585/ |
| Whale's tail meat | 10,500 | 300 | 3,500 | Minke, Sei and Bryde's Whale in research whaling in Japan. Fin Whale from Iceland. | 株式会社ルイアンヌ(Ruiannu Co., Ltd.) http://store.shopping.yahoo.co.jp/ tsuhan-o/t82131.html |
| Whale's lean meat | 10,500 | 5000 | 210 | Fin Whale from Iceland. | 株式会社ルイアンヌ(Ruiannu Co., Ltd.) http://store.shopping.yahoo.co.jp/tsuhan-o/t82134.html |
| Whale's marbled meat | 4,200 | 100 | 4,200 | Fin Whale from Iceland | 株式会社 日野商店 (Hino-shoten Co., Ltd.) http://item.rakuten.co.jp/kuziran/nagasu-onomi-toku-2/#nagasu-onomi-toku-2 |
| Whale's bacon | 4,725 | 320 | 1,477 | Fin Whale from Iceland. | 株式会社マルヒロ (Maruhiro Co., Ltd.) http://item.rakuten.co.jp/sakana-shop/10000034/ |
| Whale's breast meat | 8,980 | 3000 | 299 | Minke, Sei and Bryde's Whale in research whaling in Japan. Fin Whale from Iceland. | 株式会社 守破理 (Syuhari Co., Ltd.) http://item.rakuten.co.jp/syunsaikuidaore/w-011/ |
| Whale's lean meat | 1,155 | 100 | 1,155 | Fin Whale from Iceland. | 有限会社 高木 (Takagi) http://shop.gnavi.co.jp/Mall2/921/121147.html |
| Whale's bacon | 9,800 | 500 | 1,960 | Minke, Sei and Bryde's Whale in research whaling in Japan. Fin Whale from Iceland. | 有限会社 (ARC) http://store.shopping.yahoo.co.jp/airi-market/w-110.html |

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**ABOVE:**
HB Grandi fish meal silos, Akranes.

reservations to the CITES Appendix 1 listings. These exports are therefore illegal. The export of 250kg of frozen whale meat to Latvia in January 2010[64] raises particularly important questions as to the control of trade in whale products in the European Union (EU). A spokesperson for the Latvian Food and Veterinary Authority (PVD) stated that as Iceland is a European Free Trade Association (EFTA) member, the PVD does not have to carry out cargo checks and as such was "*not aware of whether and how much whale meat from Iceland had entered Latvia*."[65]

Iceland's Ministry of Fisheries admitted that the Icelandic company involved "*had shipped 250 kilos of minky [sic] whale meat to Latvia along with the required official CITES export certificate from Iceland*," and that it would be "*illegal for Latvian authorities to issue the required CITES import certificate for the shipment*."[66] Rita Jakoleva, a spokesperson for the Latvian Nature Conservation Authority (Dabas aizsardzīības pārvalde, DAP), said that DAP had granted permission to a company to import and sell the whale meat from Iceland, and that the trade had gone ahead, but that "*as the whale meat had not yet been sold it was removed from shop counters*."[67]

The Latvian export, reported under the Icelandic code for frozen whale meat (Icelandic code 02084001) took place in January of 2010, and coincides with the export of 134 tonnes of 'other frozen whale products' (Icelandic code 02084002) to Japan.

Icelandic exports of frozen whale meat (believed to be minke) to the Faroe Islands, part of the Danish Kingdom but treated as a non-Party to the CITES Convention, took place in August 2010 (250kg) and October 2010 (400kg).[68] This also coincided with the exports of 'other frozen whale products' to Japan. Also in October 2010, an illegal export of 889kg of 'hvallýsi' or whale oil (Icelandic code 15043001) to Belarus was reported.[69]

Iceland reported several exports of whale oil to Norway in 2008 (totalling 105kg) and 2009 (totalling 303kg). However a search of the Norwegian Statistic Bureau (SSB) database for the years 2007 onward showed no imports of either whale meat or whale oil from Iceland. The SSB did, however, record imports of 'marine mammal oils, excluding sperm oil, not for animal feed' from Iceland under the HS code 15043099 in February 2010 (169kg) and April 2010 (30kg).

The SSB database also shows a large import of marine mammal products from Iceland in October 2010 under code 15043021 ('Fat of marine mammals and fractions thereof, not for animal feed'). The quantity given was a substantial 22,360kg,[70] however no corresponding export of any whale or marine mammal product to Norway has as yet been found in Iceland's statistical database. It is unclear if this export is whale-related.

## REQUIRED ACTIONS BY THE US AND EU

In December 2010, a petition filed by WDCS on behalf of 19 conservation and animal welfare groups representing millions of citizens, urged US authorities to bring into force conservation legislation known as the Pelly Amendment against Iceland. This would authorise the President to impose trade sanctions against Iceland for undermining the effectiveness of recognised international conservation agreements.

The petition exposed the Hvalur company's ties via complex shareholdings, board memberships and investments to some of Iceland's leading companies, and provided the US Government with the information necessary to implement targeted sanctions. By taking strong action against Iceland, not only will the Obama Administration live up to its promises to strengthen the commercial whaling moratorium, but it will also help to ensure a real future for the IWC.

In 2009, following the collapse of its economy, Iceland applied to join the EU. Iceland's EU accession negotiations provide a unique opportunity to end Iceland's whaling and trade in whale products for good. Although EU Directive 92/43/EEC (the Habitats Directive) prohibits "*all forms of deliberate capture or killing*" of whales, as well as sales of whale products in the EU, it provides an opportunity for member states to 'derogate', under defined conditions, from the Directive's prohibitions. It is therefore crucial that EU Member States take a zero-tolerance position to Iceland's whaling and trade in the negotiation of its accession, to ensure that Iceland does not take a derogation. WDCS and EIA commend the Dutch and German Parliaments for passing Resolutions in 2010 stating that Icelandic whaling would be unacceptable under EU law, and urge all other EU countries that are members of the IWC to take similar action.



# CONCLUSIONS AND RECOMMENDATIONS

This report provides an overwhelming case for immediate and decisive action to stop Iceland's whaling and trade. EIA's investigation has shown that Iceland's fin whaling company, Hvalur, has overcome initial suspicion from Japanese traders and now has a relatively strong Japanese distribution network for fin whale products, in part through Kyodo Senpaku which has started to sell Icelandic fin whale to some major traders. While there are clearly problems with the quality of Iceland's fin whale meat, it is still being distributed and sold. This is predominantly due to low prices set by Kristján Loftsson, because fin whale is seen as special by Japanese traders and customers, and because Japan has not realised its own self-allocated quota of fin whales in recent years. Several major whale traders in Japan predicted that Kyodo Senpaku could get further involved in the Icelandic trade and may even begin to import whale meat directly from Iceland.

In March 2011, Japan suffered a terrible earthquake and tsunami, with unprecedented suffering, loss of life and damage to coastal infrastructure. At least two whale trading companies based in Iwate and Miyagi which were identified in the EIA investigation as key to Loftsson's operation were irreparably damaged. After a trip to Japan in April, Kristjan Loftsson reported that he would postpone the whaling season.

While the fin whale hunt may have been delayed this season, Hvalur's exports of whale products continue. The single largest export since the commercial whaling ban was imposed occurred in March 2011 and a further export took place in April 2011, after the tsunami. Even without setting sail this summer, Hvalur is sitting on a 2,500 tonne stockpile in Iceland for which it continues to seek new markets and new products.

It is too soon to tell how the tsunami and its consequences will impact Japan's whaling in the long-term, but it is clear that Japan's Antarctic whaling is at its lowest point for decades and it remains unclear whether it will be revived in the short-term. Although demand for whale meat is falling overall in Japan, the fin whale continues to be the most sought-after species. Even if demand remains low by historical standards, the market for whale meat in Japan remains large enough to absorb several hundred or more fin whales from Iceland each year.

It is clear that Kristján Loftsson is intent on securing a market for an endangered species in Japan, gambling on the potential of huge long-term profits. The consequences could be disastrous for fin whales in the North Atlantic.

Given the ever-increasing hunts and expanding international trade, it is unacceptable that the IWC has no stated position on Iceland's fin and minke whaling. The time for silence and appeasement has passed. WDCS and EIA look to the IWC, and to the US and EU in particular, to make the end of all Icelandic whaling and whale trade a political priority in 2011.

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